DOCUMENT RESUME

ED 067 759 EA 004 613

TITLE	The School Executive's Guide to Performance Contracting.
INSTITUTION	American Association of School Administrators, Washington, D.C.
PUB DATE	72
NOTE	125p.
AVAILABLE FROM	American Association of School Administrators, 1201 Sixteenth Street, N.W., Washington, D.C. 20036 ($5.00, Quantity Discounts)
EDRS PRICE	MF-$0.65 HC Not Available from EDRS.
DESCRIPTORS	Academic Achievement; *Achievement Gains; Achievement Tests; *Administrative Personnel; Criterion Referenced Tests; *Educational Experiments; Educationally Disadvantaged; Guidelines; Mathematics Instruction; *Performance Contracts; *Program Evaluation; Reading Skills; Testing Problems

ABSTRACT

This report discusses the merits of performance contracting in the light of recent performance contract experiment evaluations, and it provides guidelines for administrators who are considering the use of performance contracts. The merits of the OEO experiment and the interpretation of the results by the OEO and the Rand Corporation are discussed. Extensive appendixes contain (1) a list of firms prepared to enter into performance contracts, (2) a sample request for proposal, (3) some sample performance incentive contracts, (4) a sample auditing contract, (5) a sample contract for management support services, and (6) an annotated bibliography. (JF)

ED 067759

The School Executive's Guide to Performance Contracting

Published by the
American Association of
School Administrators
1201 Sixteenth Street, N.W.
Washington, D. C. 20036

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
OFFICE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY.

EA 004 613

FILMED FROM BEST AVAILABLE COPY

PERMISSION TO REPRODUCE THIS COPYRIGHTED MATERIAL BY MICROFICHE ONLY HAS BEEN GRANTED BY
American Association of School Administrators
TO ERIC AND ORGANIZATIONS OPERATING UNDER AGREEMENTS WITH THE U.S. OFFICE OF EDUCATION. FURTHER REPRODUCTION OUTSIDE THE ERIC SYSTEM REQUIRES PERMISSION OF THE COPYRIGHT OWNER."

Copyright 1972
American Association of
School Administrators

Library of Congress
Catalogue Number: 72-87724

All rights reserved. No part
of this document may be reproduced
in any form without permission in writing
from the publisher.

Single copy, $5.00. Quantity orders:
2 - 9 copies, 10 percent discount;
10 or more copies, 20 percent discount.

Postage charged on billed orders.

Acknowledgments

Certainly the time has come to examine performance contracting in depth. Educational resources are limited. The need for effective educational planning is great. Unless we go beyond gross descriptions and general recommendations to establish the role of performance contracting in the context of educational planning and to blueprint its integration with other resource allocation techniques, its potential costs may be obscured and its potential benefits unrealized.

Thus, *The School Executive's Guide to Performance Contracting* is a timely publication. It is the culmination of the cooperative efforts of scores of people. While the American Association of School Administrators assumes full responsibility for any errors of fact or interpretation in this report, it gratefully thanks the many people who gave generously of their time and energy to participate in the AASA-AERA conference on performance contracting, funded by the United States Office of Education. The Association owes its gratitude for the highly pertinent and up-to-date annotated bibliography to James Mecklenburger, Indiana University. Special appreciation is extended to Stanley Elam, editor, Phi Delta Kappa, and William J. Ellena, deputy executive secretary, AASA. These men, in cooperation with the American Educational Research Association, conceived the original project and were responsible for the preparation of this report.

Performance Contracting

The pressures for change in public schools have never been greater. Taxpayers want more for fewer dollars, while school personnel bargain for increased wages. Governmental agencies and minority groups demand that minority-group children receive equal (not necessarily identical) educational opportunities; parents and community groups want to be involved in the planning and operation of schools; and pressures for accountability are multifaceted and real. Performance contracting has been suggested as one feasible solution to many of these problems.

We believe that performance contracting allows schools to experiment with and validate new learning systems with low risk and costs. We do not believe it has demonstrated total cost savings in overall school budgets, although it may do so in specific areas. We support the application of the concept by school districts with adequate evaluation so long as it is perceived as a means for effecting positive change.

1972 AASA Resolution

Table of Contents

	Page
Preface	7
1. Has Performance Contracting Bombed and Died?	13
2. Some Guidelines for Daring Administrators	27
3. A Concluding Note	37
Appendix A - Firms prepared to enter into performance contracts	38
Appendix B - Sample request for proposal	40
Appendix C - Sample performance incentive contract	54
Appendix D - Sample performance incentive contract	80
Appendix E - Sample auditing contract	108
Appendix F - Sample contract for management support services	114
Annotated Bibliography	120

Preface

Herman Melville in *Moby Dick* painted a vivid picture of Captain Ahab down in his cabin late at night seated before his screwed-down table with a battered roll of yellowish sea charts spread before him. In the shifting gleams of light from the heavy pewter lamp that swayed with the motion of the ship, he traced lines and courses on the wrinkled chart that would lead through the maze of ocean eddies and currents to the habitat of the great sperm whale. So intent and so completely absorbed was Captain Ahab in his task that the furrows of his leathery face seemed to become part of the tracing on the chart.

Every true leader must pause from time to time to check his bearings and to chart a course. The superintendent of schools is no exception. Through consultation with his associates he must establish purposes, fix goals, and decide upon a course of action. Without such planning his efforts and the efforts of those to whom he is responsible as a leader may be nothing more than aimless wandering that leads to nothing and to nowhere.

As a program is planned answers are sought to such questions as: What purposes or goals should set the course of action? What problems or issues should be given priority? What will be attempted? What will be done? Where is the point of beginning?

The answers to these questions will be rooted deeply in the maze of forces and issues that face the school from every side and that come to the superintendent's office for consideration and decision. These forces and issues constitute the climate in which the school operates. They give character to curriculum content and to instructional methods, and they must be reckoned with in the policy formation of every school district whether it be large or small.

Recent years have seen increasing attempts to apply modern management techniques to the problems of educational administration. Educational planners, in particular, have made continuing efforts to adapt for school systems certain modes of resource allocation—such as Planning-Programming-Budgeting—that originally developed in industry and government. Unfortunately, hard-pressed school administrators sometimes have seen such alternatives as panaceas, have applied them indiscriminately, and, consequently, have undermined their potential benefits.

School systems may be reacting in a similar way to the newest and most provocative of these approaches—performance contracting. Performance contracting has aroused the interest of the educational community for several reasons:

- First, it seems to hold some answers to the persistent problem of effectiveness, especially for programs designed to alleviate the specific educational deficiencies of the disadvantaged. By linking payment directly and sensitively to results, performance contracting is supposed to motivate

the private sector to realize fully its presumably great potential for producing significant educational changes.

- Secondly, performance contracting seems to ensure more rational, efficient resource allocation, for it relies explicitly on measured outcomes. A school system that lets such a contract is supposed to be buying tangible progress and paying only for value received. Moreover, certain performance contracts try to build in future efficiency by specifying that the contractor use only cost-effective (rather than labor-intensive) methods that the school system later can adapt for proprietary use.

- Thirdly, by involving the private sector in difficult, risky enterprises, performance contracts presumably encourage the introduction and testing of highly productive technologies that school systems need but have been unable to use and to integrate with their curricula. These technologies are supposed to produce long-term benefits when they are transferred from the contractor to the school system and are fully incorporated during the final "transfer" and "turnkey" stage of the performance contract.

- Finally, performance contracting is seen both as a genuine response to increasing community and governmental demands for palpable educational results and as a possible effective way to counter growing community resistance to approving ever larger appropriations. When a school system requests funds for a performance contract, in effect, it shows the community in more precise ways what it can buy rather than asking it to contribute to the general, undifferentiated support of a school system whose "product is unclear."

Regardless of the justice of these claims, the educational community has shown great interest in performance contracting. Since Texarkana's landmark performance contract of September 1969, more than twenty-five school systems—including those of San Diego, Dallas, Detroit, Philadelphia, and Portland, Oregon—have entered into performance contracts of various types. Many other districts are giving serious consideration to this approach. Such swift, widespread reaction reflects the school administrator's urgent need for better modes of resource allocation, and it underlines the researcher's responsibility to explore this promising alternative. Yet it also poses a threat to the success of the contracts in question and hence to the future development of performance contracting, for most school system officials, even those who have let contracts know relatively little about the technique. Their decisions to use performance contracting have been largely unconsidered, neither preceded nor followed by systematic attempts to assess the par-

ticular utility of performance contracts or to define preconditions, constraints, and reasonable expectations. In part, this lack of analysis was a necessity, for school systems could not rely on any basic research or significant experience with educational applications of this technique. Still, the educational community has paid surprisingly little attention to some important aspects of performance contracting, such as the following:

- **Its origins.** Performance contracting was a response to specific financial, managerial, and product needs of industry and government—particularly those of the Department of Defense. To develop a functional conception of performance contracting, we must understand these roots. In addition, we must clarify the educational needs which performance contracting is supposed to meet, bring out any important differences between these needs and those of government and industry, and determine whether the technique has undergone any significant alterations intended to make it more suitable for its new application. In short, we must determine why and how *educational* performance contracting differs from earlier forms. Given its roots, what can we expect of performance contracting in education (and what must we *not* expect)? For example, can we justify treating progress on a standardized test as a "product"—like a transistor or a gunsight—that either meets or fails to meet contract specifications? Is such an objective legitimate for a school system?

- **Its structure.** What are the essential elements of a performance program, and how do they interact? What alternative types of performance contract are available to the school system? We must identify those aspects of a performance contract that can be varied with the needs of a particular case in order to ensure maximum benefits and to produce a true reflection of a school system's needs. This identification, of course, will demand an understanding of the dynamics of performance contracting, of its internal logic. We must examine the strengths, flexibility, pitfalls, and comparative merits of various components and types of components. For example, what kinds of evaluation measures are available, and which ones should we use in a particular case? At what times during the life of the contract can we apply them, and can we gradually adapt them to any new output quantities that may emerge as the contract is executed? How should these measures be used to determine payment? Can they be refined during the life of the contract without undermining the entire scheme of "payment for performance" that the contract embodies?

- **Its specific applications.** Few school systems have tried to determine what circumstances favor letting a performance contract, aside from the general need for real progress in educating their "clients." Detailed consideration must be given to preconditions such as the legal and informal relations with government at all levels, the types of learning problems to be solved, and the details of the process of school finance. We also must ask how well a performance contract suits these preconditions in contrast to the suitability of competing in-house modes such as "model teaching experiments" and other, more traditional schemes of program development, implementation, and evaluation. We must study the intrasystemic effects of performance contracting, its specific interactions with system components such as teachers, unions, physical facilities, accounting practices, planning frameworks, parents, and instructional activities that are not included in the contract under consideration. For example, what kinds of problems must we expect in phasing "contracted students" back into the ordinary curriculum, especially in light of the new ways of learning and different knowledge they may have acquired? More generally, how shall we determine a performance contract's relations with the goals and structure of the school system by defining the policy, managerial, and operational responsibilities of both parties to the contract?

- **Its results to date.** What does the admittedly brief experience with performance contracting for education say to the aforementioned aspects of structure and application? What unexpected problems have emerged, if any? Are they inherent difficulties, or simply those of inexperience? Is there enough reliable data to generate a set of recommendations? If so, what recommendations would be most useful to the school system? To the private contractor? Until now, the almost complete lack of relevant data has precluded answering such questions; but at this point, despite the fact that most educational performance contracts have yet to run their terms and be evaluated, we should be able to make some useful hypotheses. Experience to date can answer questions about such topics as the relationship between contractors and school system teachers and the criteria used to select "contracted pupils" from a larger target group. School administrators now can (and should) have an awareness of and reaction to demonstrated strengths and weaknesses of performance contracting, but such awareness is hindered by the lack of any survey and synthesis. Because of this deficiency, administrators have no guidelines, not even gross ones; yet performance contrac-

ting is such a new and relatively sophisticated technique that guidelines—and hence, an assessment of experience to date—are absolute necessities.

- **Its future.** In light of all the preceding considerations, where can performance contracting go, and where do users want it to go? School administrators must identify weaknesses that should be alleviated and strengths that should be exploited. Finally, they must determine what place they envision for performance contracting in the larger context of educational planning.

If school systems are going to continue letting performance contracts at the current rate, the educational community must gather more information about these aspects of performance contracting and subject them to careful analysis.

This document focuses on the immediate needs of the school administrator. In a very important way, *The School Executive's Guide to Performance Contracting* fills many extant information gaps between researchers and administrators and between those administrators who have and those who have not tried the technique. It will constitute a pragmatic body of information that can serve as a starting point or baseline for judging the performance and guiding the development of a performance contract.

I commend this report to you.

Paul B. Salmon
Executive Secretary, AASA

1.
Has Performance Contracting Bombed and Died?

Q. **Is performance contracting dead, now that the Office of Economic Opportunity has concluded, on the basis of its 1970-71 experiment, that "[it] was no more effective [in improving the skills of poor children] in either reading or math than the traditional classroom methods of instruction"?**

A. Not dead, but injured. Performance contracting is no longer the darling of panacea-seekers. As the OEO said, school districts should be skeptical of extravagant claims for the concept. However, performance contracting remains a valuable way of encouraging innovation while holding those in charge accountable for results. It is not, as the quoted OEO conclusion implies, a "method of instruction." It does make possible the adoption and testing of new methods. There were at least 50 contracts in force in U.S. schools in 1971-72, and there will probably be more in years to come. The forms and purposes of these contracts are becoming more and more varied.

Q. **What was the OEO trying to prove?**

A. OEO officials noted that, according to early reports, the pioneering Texarkana project was doubling—in some cases even tripling—previous achievement gains of poor children, that dropout rates had declined dramatically, and that school vandalism had been nearly eliminated. As an agency charged with helping the poor become economically self-sufficient, the OEO wanted to check out the claims being made. The resulting project was the largest education experiment ever funded by government.

Q. **Just what did OEO find out?**

A. The OEO report has come out in three parts. First there was a 30-page press release on February 1, 1972. Its message was generally negative. A month later the Battelle Memorial Institute published a 158-page interim report that was followed late in the spring of 1972 by a still longer final report. As these publications have been examined critically, it has become obvious that one of the problems with the Battelle findings has been that both OEO officials and the major teacher organizations (which oppose performance contracting on principle) have overgeneralized from the data. One-shot, short-term experiments in major educational change cannot be expected to yield all the answers, yet critics are trying to squeeze answers out of the inadequate data we have.

Q. **All right, I'll change the question. How did the OEO proceed and what did OEO officials say they found out?**

A. To quote from and paraphrase the press release, the experiment proposed to test whether a representative group of private contractors, with existing technologies and operating under performance-based contracts, could improve reading and math skills of poor children. It was *not* intended to provide a "consumers' rating" of various contractors, determine which education technology was

best, develop new educational programs, or measure *precisely* the effect of incentives on contractors, teachers, or students.

Evaluation was based on standardized tests administered to experimental and control groups at the beginning and end of the year. Payments to contractors were based on one of three different standardized tests given to experimental groups only (75 percent of the payment) and criterion-referenced tests, given five times a year to experimental groups only (25 percent of the payment).

Six private firms representing a range of educational approaches operated in 18 sites representing a range of educational situations. At each site there were 100 children in grades 1-3 and 7-9 in performance contracting classes. There were also 100 children in grades 1-3 and 7-9 in traditional (control) classrooms.

The following is taken directly from the OEO summary and conclusions:

> The results of the experiment clearly indicate that the firms operating under performance contracts did not perform significantly better than the more traditional school systems. Indeed, both control and experimental students did equally poorly in terms of achievement gains, and this result was remarkably consistent across sites and among children with different degrees of initial capability. On the basis of these findings it is clear that there is no evidence to support a massive move to utilize performance contracting for remedial education in the nation's schools. School districts should be skeptical of extravagant claims for the concept.
>
> At the same time, the results should not be interpreted as a blanket finding that educational services and materials should not be purchased under performance-based contracts or that private firms cannot provide valuable educational services. Surely performance-based contracts are in some cases a better way to purchase some educational services than the methods currently being used. Surely private firms should continue to play an important role in developing and marketing new educational materials. The results simply say that an uncritical rush to embrace these concepts is unwarranted at this time.
>
> Some of the benefits of this experiment will not be known for some time, and indeed cannot be precisely pinpointed. The experiment has provided or added to useful debates on the current use of standardized tests for measuring student performance, on means of introducing change into the educational system, and in general on the subject of accountability. It has raised the possibility that other performers besides schools may sometimes be appropriate providers of education. And, hopefully, it will lead to a heightened awareness of the importance of specifying educational goals and measuring progress toward those

goals, a process that all too frequently has not been undertaken by school districts.

But surely the clearest conclusion drawn from the experiment is that we still have no solutions to the specific problem of teaching disadvantaged youngsters basic math and reading skills . . . .

Q. **No pussyfooting there. What do the critics say?**

A. To date there have been a number of challenges and doubtless more will come. The conclusions were questioned by a *Knowledge Industry Report* on February 15, 1972. *The New York Times,* in a March 21 editorial, spoke of the OEO's main conclusion as "an oddly quick and sweeping judgment after only one year's experimentation," adding that it "has the earmarks of a subjective, if not downright political, judgment rather than a scientific assessment." Said the *Times:* "At so early a stage of the experiment, it would have been far more useful to weed out those contractors whose methods seemed either ineffective or suspected." The *Times* also noted that the Rand Corporation studies, commissioned by the Department of Health, Education, and Welfare, appear to be at variance with the OEO's pessimism.

One close student of performance contracting, James Mecklenburger,[1] who has written a dozen articles on the subject and a book soon to be published by the National Society for the Study of Education, pointed out 13 errors, oversights, and inconsistencies in the initial OEO reports. Among them were the following:

1. In terms of its important accountability feature, the OEO experiment was a smashing *success:* Contractors who performed poorly were poorly paid.

2. The OEO was interested in cost-effectiveness: Could private contractors provide equivalent education at less cost? It was so interested, in fact, that it paid Charles Blaschke of Educational Turnkey Systems many thousands of dollars to investigate the question. Blaschke demonstrated that with even modest achievement scores, some OEO contractors' instructional programs were more cost-effective than conventional instruction.[2]

In a Phi Delta Kappa publication titled *Performance Contracting: Who Profits Most?,* Blaschke says one-third of the OEO contractors' programs cost less than the control programs in math and reading. Hence significant grade level gains were made in many of the 18 sites at less cost than through traditional means.

3. The OEO once promised to detail whether performance contracting had beneficial effects other than student achievement

[1] In 1971-72, Jim Mecklenburger was a research assistant at Phi Delta Kappa, Bloomington, Ind. He is now director of research for the National School Boards Association. See his *Performance Contracting in American Education, 1969-71.* Chicago, Ill.: National Society for the Study of Education. (In press)

[2] See Blaschke's "Performance Contracting Costs, Management Reform, and John Q. Citizen." *Phi Delta Kappan,* December 1971.

gains. Beyond suggesting that a useful debate was provoked (see above), the press release and preliminary report say nothing about these effects, but the Rand Corporation study has a great deal to say about them. For example: "There was no evidence of dehumanization [one of the charges leveled by teacher organizations]; there was some evidence of the reverse." (More on the Rand report later.)

A reporter at the January 31, 1972, OEO press conference at which conclusions were released asked whether any of the 18 districts adopted any of the contractors' programs after the experiment was concluded. He was told that only one city continued with a performance contract (Grand Rapids). He was not told that several cities (Blaschke says at least five) have used their own funds to incorporate and sometimes expand aspects of the contractors' programs, nor was he told that several cities requested the OEO to assist them to experiment one more year (a request that was of course refused).

4. Althougn the OEO stressed the rigor of the experiment, the agency began in whirlwind fashion. Contracting companies were forced to create and staff programs, etc., during July and August 1970. Although the OEO intent was to provide comparative test data on performance-contracted instruction versus conventional instruction, conventional instruction began in September while contractors at many sites were unable to provide their best instruction until midfall or later.

16

Similarly, Battelle was expected to administer tests nationwide. But Battelle was hired in mid-August and had to create an 18-city testing program in two weeks' time. The Battelle reports admit variations in quality and reliability from city to city.

5. There were a variety of statistical problems. Battelle, as the "impartial outside evaluator," explicitly rejects the use of grade equivalent scores for evaluative purposes because they "possess psychometric distortions which might affect the results of statistical analyses." Many of the nation's testing experts concur. If one accepts this, the OEO's reported results (see Table 1 below) have questionable meaning. Despite Battelle, the OEO reported only grade equivalent scores to the press. Battelle rejects comparison of pretest and posttest mean scores of experimental and control groups because they do "not provide a quantitative adjustment in mean post-test differences due to mean pre-test differences." Nevertheless, the OEO used this method of reporting exclusively. Some idea of how biasing it might have been can be gained from noting the fact that "in 17 of the 18 sites of the experiment the average pretest level of the control group was significantly higher than that of the experimental group." As even the most unsophisticated teacher knows, the better the student, the more rapid his achievement is likely to be.

One of the most interesting analyses of the statistical failures of the OEO experiment was made by Gary Saretsky in the May 1972

issue of the *Phi Delta Kappan*. Saretsky points out that the "John Henry effect" was completely overlooked (as was the Hawthorne effect, for that matter). John Henry was a legendary railroad steel driver who swung his hammer in competition with a steam drill, which had been introduced experimentally to replace human steel drivers. (After he outperformed the steam drill, John Henry died from overexertion.) The John Henry effect occurs when a "control group" is placed in competition with an experimental group. There is no question about its presence at many OEO experimental sites. Saretsky quotes project directors and OEO personnel: "When you entered the control school you knew the race was on" and "The teachers were out to show that they could do a better job than those outsiders [performance contractors]."

Mecklenburger's final point is this:

> In seeking a generalization about performance contracting, the OEO intentionally neglects whether any sites did very well or very poorly. In fact, some did each, as Battelle's report reveals. If OEO research had asked, "Among the 18 sites, was there *any* evidence of successful teaching which would reveal new knowledge about teaching 'underachieving students,' " the OEO might have found that some performance contracts revealed some success. Instead, the OEO swept both success and failure beneath a statistical rug.

Here is the statistical rug. It comes from the 30-page OEO press release mentioned above.

Table I

Mean Gains of Experimental and Control Students Across All Sites

Reading

	Experimental Gain	Control Gain	Difference
Grade 1	NA	NA	NA
2	.4	.5	- .1
3	.3	.2	+.1
7	.4	.3	+.1
8	.9	1.0	- .1
9	.8	.8	—

NA: A readiness test, rather than an achievement test, was used as the first-grade pretest. There is no grade equivalent for the readiness test.

Table I Cont.
Math

	Experimental Gain	Control Gain	Difference
Grade 1	NA	NA	NA
2	.5	.5	—
3	.4	.5	- .1
7	.6	.6	—
8	.8	1.0	- .2
9	.8	.8	—

Q. **Although OEO planners specifically renounced any intent to provide a "consumer's rating" of various contractors, is it possible from the data now reported to do so?**

18

A. Not very reliably. In the first place, note that of the 31 technology firms responding to the OEO's request for proposals, only 6 were selected. The bases were their corporate experience and interest in performance contracting, the types of achievement they thought they could guarantee, the qualifications of their staffs, and the variety they represented in terms of their instructional approaches (i.e., emphasis on hardware, incentives, or curricular software and teacher training methods). See the chart below, which compares particular aspects of the experimental program. Many of the firms used the same software—for example, the Sullivan reading materials.

Actually, location of the site may have been as influential as any other factor in determining outcomes. Charles Blaschke points out that "medium-sized Southern sites produced five significant successes for every one failure. These schools, administratively more flexible and less unionized than Northeastern and Western schools, provide a clue to the settings where performance contracting is most likely to succeed and where resistance occurred in the project."[3] Dallas Assistant Superintendent for Research Donald Waldrip notes that "Dallas is the only school district in the nation without a single negative comparison in the OEO report. Quality Education Development held the Dallas contract." Waldrip pointed out that in six cases the performance of the experimental group in Dallas was "significantly better" than the control. In ten cases the evaluation "favored" the experimental group. And in two cases the evaluation showed the experimental group's progress was "no different" from the traditional group's.

[3] Charles Blaschke. *Performance Contracting: Who Profits Most?* Bloomington, Ind.: Phi Delta Kappa, 1972.

Table II

Comparison of Particular Aspects of Experimental Programs*

Company	Average Percent of Paraprofessionals	Average Student/ Teacher Ratio	Use of Incentives	Instruction
ALPHA	Elementary: 45 Junior High: 35	Elementary: 1/14 Junior High: 1/15	Heavy emphasis on tokens and play money which could be traded for a variety of prizes or free time	Heavy use of programed materials and individual instruction
Singer/ Graflex	Elementary: 55 (Does not include McComb: 9) Junior High: 32 (Does not include McComb: 6)	Elementary: 1/20 Junior High: 1/20	Incentives used moderately and awarded infrequently	Primary reliance on programed materials and group instruction
QED	Elementary: 50 Junior High: 50	Elementary: 1/13 Junior High: 1/13	Heavy reliance on all types of incentives awarded randomly at least once a week	Heavy use of programed materials with tape and cassette teaching machines
Learning Foundations	Elementary: 100 Junior High: 100	Elementary: 1/5 Junior High: 1/6	Incentives used only moderately but awarded frequently	Used programed materials and individual or group instruction
Plan Education Centers	Elementary: 50 Junior High: 50	Elementary: 1/6 Junior High: 1/5	No incentives used	Used primarily teacher instruction with some tapes, cassettes
Westinghouse Learning Centers	Elementary: 80 Junior High: 80	Elementary: 1/12 Junior High: 1/12	Heavy use of incentives in elementary grades, but few incentives used in junior high. Incentives awarded infrequently at random intervals	Heavy reliance on programed material with tape and cassette teaching machines in individual and group instruction

* The information in this table is based on the responses of local project directors to a questionnaire.

Q. Since there is a suggestion in what you have said that cost-effectiveness may be a prime basis for adopting performance contracting, can you provide information on this aspect?

A. Blaschke's OEO report is not generally available as yet, but he has provided an analysis of the economics of performance contracting at more than 40 sites in an article written for the December 1971 *Phi Delta Kappan*. In it he notes that, while many firms used similar materials (e.g., the Sullivan reading series), the economics of the systems varied significantly, especially in staff, equipment, books, and audiovisual expenditures and utilization rates. For example, in the control schools of the OEO experiment about 75 percent and 1.5 percent of total per-pupil costs, respectively, were spent on "teacher pay" and "books and audiovisual materials." In contrast, the contractors spent about 55 percent and 17 percent in these categories. In short, the new technology of the contractors represents an effort on the part of private firms to get away from teaching as a labor-intensive "industry," which is the main reason it has been so difficult to improve the productivity of schools in America. Also, in our "credential society" we have difficulty in assigning lower-level tasks to nonprofessionals. Performance contracting offers an opportunity to begin staff differentiation. Blaschke has devised the table on page 21 to compare per-student costs at different sites using different contracting firms.

20

Q. Rather late in the day, the OEO decided to include teacher associations as contractors in experimental situations. What was the outcome?

A. The OEO settled for two teacher contracts, one in Stockton, California, and one in Mesa, Arizona. Although there were early statements from the two project directors and from OEO officials that some benefits were accruing, at the end of the January 31 OEO press conference, Stockton and Mesa were dismissed as still more cases of "no significant difference" between experimental and control groups.

Q. You referred to the Rand studies. What were they and what do they show that is different from the OEO study?

A. Commissioned by HEW, Rand studied five cities' experience with performance contracting: Norfolk, Virginia; Texarkana, Arkansas (with Liberty-Eylau, Texas); Gary, Indiana; Gilroy, California; and Grand Rapids, Michigan. The five case studies cover eight programs in 15 schools. While each study is treated in a self-contained report, it was also part of Rand's coordinated investigation of more than 20 programs from 1969 to 1971. In Volume I, titled *Case Studies in Educational Performance Contracting: Conclusions and Implications*, implications are discussed under seven headings: instructional processes, cognitive growth, resource requirements, evaluation, program management, returns to contractors, and the

TABLE III

Program Rankings by Total Cost per Student-Year (National Average Prices)

ELEMENTARY READING

RANK SITE	ORGANI-ZATION	HOURS/ DAY	TOTAL COST PER STUDENT-YEAR	Percentage of Instruction-only Cost						
				Teacher %	Paraprofessional%	Total Staff%	Classroom%	Instructional Equipment%	Books and Audio-visual%	Other %
CONTROL PROGRAMS:										
1 Athens	District	1.100	$150.32	70.9	0	70.9	23.0	2.3	1.1	2.7
2 Las Vegas	District	.983	174.10	66.5	0	66.5	28.7	0.9	2.3	1.6
3 Jacksonville	District	1.083	176.53	66.9	0	66.9	26.7	1.0	0.9	4.5
4 Grand Rapids	District	1.050	186.57	64.4	11.6	76.0	17.7	1.9	2.8	1.6
5 Dallas	District	1.546	216.63	80.9	0	80.9	15.3	1.7	0.8	1.3
6 Rockland (Thomaston)	District	1.170	221.01	76.3	0	76.3	16.1	0.6	2.8	4.2
7 Seattle	District	1.000	252.35	77.7	0	77.7	12.1	1.0	3.8	5.4
8 Selmer	District	2.000	255.76	78.8	0	78.8	18.4	0.5	1.0	1.3
9 Hammond	District	1.700	274.15	73.8	0	73.8	23.6	0.9	0.7	1.0
10 Fresno	District	1.500	286.95	75.4	0	75.4	19.4	0.9	1.4	2.9
11 Taft (Sinton)	District	2.000	300.85	80.0	0	80.0	17.9	0.4	0.6	1.1
12 Portland	District	1.917	349.80	74.3	0	74.3	19.9	2.3	2.3	1.2

TABLE III Cont.

ELEMENTARY READING

RANK SITE	ORGANIZATION	HOURS/DAY	TOTAL COST PER STUDENT-YEAR	Percentage of Instruction-only Cost						
				Teacher %	Paraprofessional%	Total Staff%	Classroom%	Instructional Equipment%	Books and Audio-visual%	Other %
EXPERIMENTAL PROGRAMS										
1 Selmer	PLAN*	.750	$147.70	46.1	15.4	61.5	19.2	0.8	17.6	0.9
2 Dallas	QED*	1.000	186.47	53.0	19.0	72.0	13.3	5.3	6.1	3.3
3 Athens	PLAN	.920	190.84	53.2	19.7	72.9	10.9	1.5	14.7	0
4 Fresno	WLC*	1.000	215.52	12.6	41.7	54.3	10.4	8.6	3.6	23.1
5 Seattle	S/G*	.694	215.79	52.2	9.5	61.7	8.4	4.1	23.3	2.5
6 Grand Rapids	Alpha*	1.156	217.29	51.5	15.0	66.5	20.3	11.9	0	1.3
7 Hammond	LF	.750	252.04	0	59.6	59.6	7.0	2.3	24.9	6.2
8 Portland	S/G	.917	263.01	66.4	0	66.4	13.2	5.5	13.3	1.6
9 Jacksonville	LF*	1.000	270.25	0	66.1	66.1	7.9	2.1	17.6	6.3
10 Taft	Alpha	1.500	280.52	49.5	32.0	81.5	9.4	0	8.2	0.9

* PLAN, Plan Education Centers; QED, Quality Education Development; WLC, Westinghouse Learning Center; S/G, Singer/Graflex; Alpha, Alpha Systems; LF, Learning Foundations.

major advantages and disadvantages of performance contracting. Thus Rand's is a more comprehensive report, covering more widely different kinds of performance contracting, than the OEO/Battelle reports.

The following material is quoted from or paraphrases the summary section of Volume I:

Instructional Processes. Individualized instruction was the goal of all programs. Because the programs focused on the disadvantaged, there was an emphasis on basic skills and considerable use of programed materials. There were concomitant problems in providing for abler students. Programs will continue to be skill-oriented, because of the stress on remedial training and the lack of consensus about the objectives of instruction outside of the simple cognitive skill areas. There was no evidence of dehumanization; there was some evidence of the reverse. Performance contracting programs have been and will probably continue to be developmental efforts rather than applications of off-the-shelf systems. Performance contracting was an educational change agent in the programs Rand observed.

Cognitive Growth. The performance contracts did not produce dramatic gains on standardized achievement tests, but in most instances gains were respectable. The movement has focused attention on the problems associated with gain scores on standardized achievement tests. Much more work needs to be done on criterion-referenced tests before their results can be interpreted meaningfully. Performance contracting has demonstrated that decision makers responsible for passing judgment on program effectiveness must become more involved in choosing instruments that will measure that effectiveness.

Resource Requirements. Comparable replication costs of performance contracting programs vary widely. In the Rand sample, per-student, per-subject cost varied as much as 80 percent from site to site. The programs cost more than conventional instruction. This is to be expected, since their purpose is to make up for the educational disadvantages of target students. The programs cost about the same as (or less than) typical remedial programs funded under Title I of the ESEA. This is because the performance contracting programs substitute aides, materials, and equipment for highly trained and highly paid special teachers. The important consideration, however, is not cost per student but cost-effectiveness. Unless future performance contracting programs achieve higher cognitive gains than past programs, they will have to be justified on the basis of ancillary benefits such as curriculum development potentials.

Evaluation. Performance contracting fostered a healthy emphasis on the student and his learning as a measure of program success. The requirement for maintaining the integrity of the validation of scores on achievement tests sometimes made it dif-

ficult to use evaluation data for program improvement. Evaluation designs were often haphazard or nonexistent. Data needed for thorough evaluation were usually inaccessible or unavailable.

Program Management. Performance contracting is proving to be a useful research and development tool. People who are not a permanent part of the school system seem to be freer to implement radical changes in the classroom than are regular school personnel. A respected and influential "sponsor" within the school district is a great help in overcoming inherent frictions and impediments to change. To assure that changes are permanent and that they expand beyond isolated programs will require continued high levels of sustained effort by the Local Educational Agency (LEA). Flexibility is essential in program organization and management, since considerable program development will take place. Multiyear programs have advantages over single-year programs for this reason.

Performance contracting programs impose special tasks of management and coordination not only on contractors but also on the schools' administrative personnel. The complexity of some programs has exacerbated these problems. School administrators must be prepared to face legal and labor disputes. Most of these can be resolved, but there are two potential areas for serious conflicts. One is the requirement for public control of *all* school programs. The other is teacher opposition to merit pay.

It seems essential that local teachers be involved in program design and administration.

Little effort was made in most programs to inform parents about the programs or to involve them. Many parents were confused by or hostile to some aspects of some programs.

Returns to Contractors. Performance contracting does not seem to have generated large profits so far.* It has generated some follow-on programs, only some of which tie fees to student achievement. Established contractors tend to prefer other arrangements, such as consultantships, to performance contracting. Performance contractors will seek to convert their contracts to other types of programs. The performance contracts have enabled a number of firms to break into new markets and to receive publicity for their goods and services.

Q. **What does Rand consider the major advantages and disadvantages of performance contracting?**

A. The major advantages, according to the Rand report, are that it—

1. Facilitates the introduction of radical change in education.
2. Places increased emphasis on accountability for student learning on the part of school administrators, contractors, and teachers.

* In fact, a number of firms competing for contracts a year ago will no longer bid.

3. Has brought new Learning System Contractors (LSCs) into the educational field.

These are the major disadvantages:

1. Some performance contracting programs have been so complex that management has been severely hampered and costs have been unnecessarily high.

2. Performance contracting programs will probably continue to be narrowly focused because of difficulties of defining objectives in subject areas other than those involving simple skills or, in some cases, difficulties in measuring the attainment of objectives.

3. Performance contracting has exacerbated old problems to a point where they almost seem to be new ones. The most severe have been legal questions, issues of teacher status, difficulties in supplying the needed management skills, and, especially, problems of test selection and administration.

Q. **What criticisms have been made of the six-volume Rand report?**

A. Writing in the March 1972 *Nation's Schools*, Blaschke said it is a good source of general information for administrators. The appendices are particularly useful, for they include copies of proposals submitted by contractors, purchase agreements, contracts between the LEA and the private agency and between the LEA and program auditor and/or evaluator, interim reports, material lists, and so forth. However, Blaschke also said that the Rand reports fall "far short of capturing the real goings-on at the five contract sites analyzed." Among his specific criticisms are the following:

> The case study on Gary, while it provides a good probe of the political and personnel problems that have plagued project management, skimps on analysis of student gains and costs. That part of the Gary story has been handled in greater depth by both James Mecklenburger and the American Federation of Teachers . . . .
>
> Commenting on the Grand Rapids case study, Superintendent Elmer Vruggink said, "It was okay for a quickie job, but results were understated." Also, contrary to Rand interpretation, the resistance of the Grand Rapids Teacher Association to the contract project hinged more on salary deduction penalties proposed by the school administration than on lack of teacher involvement in planning, as reported by Rand. The GREA, in fact, was involved more than teacher associations in any other site. And Alpha [one of the contractors] hired the former GREA president to work on the project.
>
> The Norfolk case study overlooks a most critical event—the complex contract negotiations, lasting more than a month, among the seven-project district, the evaluator, the state department of education, and the con-

tractor. The delay pushed pretesting behind until mid-November, caused teachers to receive less training than originally planned, and was partially responsible for a mismatch between tests and curriculum content . . . . Test results in Norfolk were particularly disappointing.

Rand misses the mark on its analysis of Texarkana during the first contract year but does a better job on the turnkey year which followed. Rand's criticism that the first-year project was not a controlled, rigidly designed experiment indicates misconception of the intent of the project. It was designed to be an operational demonstration only. When Texarkana switched from the Dorsett program to a far more costly Educational Development Laboratories program, Rand reports Texarkana's financial pinch but fails to analyze why school officials did not pick a less costly program.

26

2.
Some Guidelines for Daring Administrators

Should your district consider performance contracting for any portion of its instructional program? The question is almost sure to come up if it has not already. A survey by Frederick C. Wendel reported in the March 1972 *American School Board Journal* indicates that while only 8 percent of the schools Wendel sampled in five Mountain states had as yet "begun to do something about" performance contracting last year, 34 percent had "done a little," meaning in most cases an exploration of possibilities. If this is true for a largely rural region, it probably means that more than half the larger urban districts have at least begun to examine the performance contracting concept.

School administrators willing to accept the AASA challenge "to experiment with and validate new learning systems" will want to secure both the OEO and Rand materials discussed and summarized in Part I of this booklet. Part II now focuses on a number of guides and warnings for such experimenters. It is not a step-by-step recipe, for no recipe will apply to all situations. It is a statement of guiding principles.

In any case, the first phase should be a needs assessment, which will be useful whether or not a performance contract is sought.

The Needs Assessment

By needs we don't mean the needs of teachers, board members, or administrators, although they should not be ignored. The school's primary clients are children. A performance contract that is adopted as a means of countering militant teaching demands, as some have been, is philosophically and pragmatically doomed. Board members may want to demonstrate that by emphasizing technology the district can get along with fewer teachers or with nonaccredited teachers. Or board members may think of performance contracting as a means of introducing merit pay (bonuses for producing greater pupil achievement). Don't let them. Teacher opposition has wrecked new instructional models before and will again.

Sometimes performance contracting programs are conceived as a response to critics. Thus they may become a form of educational theater, staged to appease the attackers. Such programs have less chance of success than those genuinely addressed to the district's instructional problems; hence, the needs assessment.

An assessment could well begin with a community survey involving parents, students, teachers, businessmen—the entire citizenry.[4] Only when the real problems of the district are identified and clarified will it be possible to measure the potential of performance contracting for solving them. All of the districts included in the OEO study were interested in upgrading the basic skills of un-

[4] Simple but realistic guides for sampling lay opinion are contained in *Look into Your School District*, available at no charge from CFK, Ltd., 333 South Bannock Street, Englewood, Colorado 80110.

derachievers, chiefly those from lower socioeconomic levels. This is the area, of course, where urban schools in particular have failed most miserably. As Herbert Gans says, "The rate of school failure among the urban poor has been consistently and remarkably high since before 1900."[5] This is why no one should expect miracles from performance contracting. It is a good reason for trying devices that have not been tried before. Elmer Vruggink, the Grand Rapids, Michigan, assistant superintendent for instruction who helped install three 1970-71 performance contracting programs in the Grand Rapids schools, recently completed a doctorate in compensatory education. "I found many things," he said, "but one thing I didn't find was improved cognitive skills achievement." The first statewide assessment in Michigan confirmed the cognitive skills deficit in Grand Rapids. The public visibility given this assessment coincided with a school tax election. The result was intensified public pressure for innovation in Grand Rapids.

A review of some of the other early performance contracting projects will suggest the variety of other needs performance contracts have undertaken to meet. In Texarkana, for example, there was a high dropout rate (as high as 15 percent annually in poverty areas); pressure from the Department of Health, Education, and Welfare to desegregate; pressure from white parents who feared that desegregation would lower the quality of schools; vast achievement differences between black and white secondary school students; and an austerity budget.[6] Charles Blaschke and Leon Lessinger (then Assistant U.S. Commissioner of Education) saw in the situation an ideal opportunity to test the technology and management techniques the success of which they had witnessed in other settings.

Student needs were considerably different in the Cherry Creek, Colorado, schools. Cherry Creek is suburbia—clean, white, and solvent. In fact, when the state of Colorado set up a reading program in three Denver area districts to experiment with performance contracting for disadvantaged students, few could be found in Cherry Creek who were the requisite 1.5 years below grade level in reading. (The contract eventually worked out for Cherry Creek specified that students be only one year below national norms.) Cherry Creek's innovative superintendent at the time, Edward Pino, said, "Notwithstanding the quality of our program, we do have unmet needs." Pino negotiated a series of performance contracts, some internal, some external, to meet these needs. For example, a contract was negotiated with an interdisciplinary team of staff members (called the "I-Team") to retain potential dropouts. Rewards to the team were based on results, but performance criteria were com-

[5] In the introduction to Colin Greer's *The Great School Legend*. New York: Basic Books, 1972. p. 4.

[6] James Mecklenburger. *Performance Contracting in Schools: Profit Motive Tested as Incentive to Learning*. Washington, D.C.: National School Public Relations Association, 1972.

plex. I-Team members received an end-of-year bonus if the students reached 80 percent or better on several criteria. The criteria included several kinds of student test gains, plus measures of attitude change, attendance, and work experience. Outside evaluators determined whether the criteria were met. Pino also contracted with a team of adults (not teachers) who gave special aid and supervision to emotionally handicapped children.[7]

Among a number of performance contracts between private companies and the Dallas Independent School District was one in which the contractor, the Thiokol Chemical Corporation, agreed to "improve the occupational and motivational skills of senior high schools students who are now below standard." (See Appendix C for this contract.) Thus the Dallas school policy makers addressed a need that stumps most traditional schools.

Once a needs assessment has been made, what are key considerations in deciding whether to initiate a performance contract?

Some Key Considerations

The following list is taken largely, with paraphrasing and elaboration, from an unpublished speech made by Charles Blaschke at a 1971 seminar held by the National School Boards Association.

Once deficiencies or community desires are recognized, then the various alternatives need to be analyzed. These alternatives may well include modifications of existing curriculums, retraining of teachers, decentralization of authority, new personnel policies, incentive pay, and the like. Or the performance contracting-turnkey[8] approach may be chosen because—

1. *It offers an opportunity to increase the efficiency or productivity of instruction in certain limited areas where objectives can be defined and criteria for measuring success can be agreed upon.* As used in the major programs to date, these areas are generally math, reading, and vocational training, usually for underachievers. The opportunity for increased efficiency, however, is dependent upon the willingness of the school not only to make decisions that result in a better utilization of resources but also a willingness to institute changes that will allow for full potential in the instructional system to be realized during the turnkey phase. (A caution: One must be aware of the natural tendency to allocate increased resources to those areas in which greater efficiency can be realized and success can be measured, at the expense of instruction in areas where objectives are less definable, viz., math versus creative thinking.)

The contract can be written in such a way as to enhance this

[7] For details, see James Mecklenburger, "Performance Contracting in *Cherry Creek*?!" *Phi Delta Kappan*, September 1971.

[8] *Turnkey* comes from the public housing field, where authorities contract with private firms to build houses. When the houses are completed and certified, the firms "turn the keys over" to the authorities. In education, turnkey refers to the turning over of the instructional program and learning system designed, packaged, and successfully demonstrated by the contractor to the school system.

willingness to change. For example, in the original Texarkana experiment the contract called for many teachers in regular classes to serve as project consultants. Money was also budgeted to permit hiring substitutes for nonproject teachers who wished to observe what was happening in the "Rapid Learning Centers" set up by the contractor. These procedures were both good internal public relations devices and good preparation for turnkey.

2. *It can provide a low-risk, low-cost means to experiment in a serious manner with innovative learning systems.* The risk is lowered, since the confidence of the contractor, who developed the program and knows its capabilities and limitations, will be reflected in the level of guarantee and in his prices. The cost risk is minimal, since the contractor will not be paid unless the experiment works, i.e., unless the students actually achieve at predetermined levels.

In public education, because the dangers of failure are serious, there are few reported "failures." *But* in performance contracting the contracting firm can be used as a scapegoat. If the demonstration phase proves successful, then school board members and administrators have leverage to make necessary changes. Blaschke offers this caution, however: Because of the attractive nature of performance contracting, resulting in positive press coverage, and the potential Hawthorne or "halo" effect, extreme pressures are sometimes brought to bear on the school to adopt an instructional system that did not achieve its educational objectives. "This has occurred in at least one project of which I am aware," Blaschke notes.

3. *Performance contracting and turnkey results can set a precedent for using educational productivity as the basis for salary increases in negotiations with teacher groups.* To the extent that contractors use merit pay and differentiated staffing, performance contracting can also provide a precedent for introducing these concepts into a school during the turnkey phase. It should be remembered that if these precedents hold, the teachers will probably request the same degree of decision-making responsibility the contractor has had over programmatic areas. Finally, to the extent that collective bargaining is not legalized in a state, performance contracts with a teacher organization could in fact legitimatize the process, since a performance contract project would probably be a microcosm of an overall union or association contract.

4. *The performance contracting process offers a unique opportunity to increase community, student, parent, and teacher involvement in policy formation and school operation.* Parents can help develop the criteria for measuring achievement, for example. A mother might specify that she wants her child to be able to read an employment ad in the local newspaper. While laymen understand very little about pedagogy, they may have definite opinions on the merits of a specific program presented in terms of cost per grade-level increase in achievement. During the operational stages, personnel from a local community can be hired as paraprofessionals

either by the school or the contractor to assist in the project, thereby increasing communications with the general public. Yet it should be noted that freedom of participation can backfire. For example, since the firm's payment is based on students' performance, what would happen if students attended classes but refused to learn until the program was changed or certain teachers were released? This illustration is not hypothetical.

5. *As an opportunity for ensuring educationally effective and locally acceptable means for desegregation, the approach removes minority students' educational deficiencies on a guaranteed basis while a student is enrolled full time in a newly integrated school.* This not only allays the fears of the white community that the quality of instruction will be eroded, but also the fear of the minority parents who feel their children will be unable to compete, will drop out, or will be set back one or more grade levels. Again, a caution: Without a properly planned project and clearly understood intentions, such a program can perpetuate segregation or a track system.

In brief, performance contracting, if properly planned and executed with tight monitoring, can be a feasible solution to a myriad of problems. However, if misused or used effectively with wrong intentions, it can create political backlashes and disruption at the expense of the school's primary client, the student.

Management, Planning, and Operation

How do you manage or monitor the development, planning, and operation of a performance contract project to ensure that project objectives will be met, that project objectives and operations do not conflict with overall objectives, and that implementation does not result in an abdication of legally established school board responsibilities?

First, it is necessary to (a) develop an overall management plan to meet basic objectives, (b) delineate decision criteria clearly, and (c) establish lines of authority. A participatory management decision-making process is critical not only for an effective first-year demonstration but also, more importantly, for an effective turnkey phase.

Second, secure approval of performance specifications and constraints. If data gathered through the needs assessment are accurate enough for the contractor to project his costs and guarantees effectively and if the objectives of the program can be clearly specified, then the Request for Proposal (RFP) should specify the achievement levels desired. Assurance that prospective contractors will minimize costs is achieved through competitive bids. (Sole-source contracting is not generally recommended.) If needs assessment data are "soft" and constraints and budgetary levels are predetermined, then the contractor should be asked to propose the maximum achievement he would guarantee and a method for graduated reimbursement should be worked out. Performance

requirements can be specified in terms of changes in the rates of the individual's achievement, specific grade level equivalents, or the attainment of other behavioral objectives, as in the OEO projects.

Since the specifications of the RFP will in large part determine the nature of the contract, the following questions are critical for school board members and administrators:

1. *Do the specifications and performance objectives conflict with other goals?* For example, in planning the Dallas project alluded to above, serious concern was expressed over the proposition that increased motivation (a means and a goal) on the part of target students could result in decreased dropout rates (a goal). In the highly publicized contract between the School City of Gary, Indiana, and Behavioral Research Laboratories of Palo Alto, there was a serious question whether heavy initial emphasis on reading and math would result in neglect of other important subjects. One of the early and persistent criticisms of performance contracting was that it would focus attention on measurable goals (e.g., cognitive learning) to the neglect of more important but hard-to-measure goals in the affective domain.

2. *Are the funds allocated to the project justified?* When federal funds are involved, guidelines delimit the flexibility of the amount; however, if local funds are used, local authorities will have to answer this question.

3. *Do RFP specifications adequately consider turnkey requirements?* Assume that federal funds (e.g., Title I, ESEA) are available for one year and that the school is thinking about a turnkey operation during the second year, to be funded out of the existing operating budget. Then the specifications should clearly delimit instructional programs to those characterized by low operating costs (i.e., relatively capital intensive, rather than labor intensive, e.g., Texarkana in the second year). Similarly, the nature and extent of internal staff participation and involvement is critical. For example, teachers could be used as consultants working with the contractor (as in Texarkana), they could be used to perform an independent evaluation, or they could actually remain on the school's payroll and work closely under the supervision of the contractor.

Consider closely the justification of constraints in light of the dynamics of performance contracting. For example, if the contractor is initially given freedom to employ material incentives and contingency motivation techniques to promote learning or to differentiate staffing, hardened teacher attitudes toward these methods could be changed during a one-year demonstration and hence would not affect the turnkey phase negatively. *Remember that one major object of the performance contract is generally to encourage the contractor to develop an innovative system in which he has confidence without hamstringing him with the same constraints that presently regulate school classroom operations.*

4. *How should testing instruments be selected?* Instruments utilized for measuring student performance should be carefully reviewed in light of their educational validity as well as their acceptability to parents and community groups. For example, while criterion-referenced test systems are acceptable to most educators, they are difficult to explain to community leaders; yet community groups and parents understand grade-level equivalence measured by standardized tests, even though educators will agree upon their deficiencies. In most cases a compromise will have to be reached (as was done in the OEO contracts).

The nature of test administration is also a critical consideration if the results of the program are to be credible not only to the school but also to the contracting firm and the community in general. Consideration should be given to utilizing an independent group for test administration and evaluation of results, as well as for determination of payments.

A great deal said in denigration of performance contracting has derived from the fact that achievement measurement techniques and instruments are so primitive. Myron Lieberman made a good answer to this criticism at the AERA-AASA Belmont House Conference on Performance Contracting for Education in December 1971. In discussing the question of paying people according to productivity as measured in student achievement, Lieberman said: "I agree that the measures will be very primitive, but once you start doing it, *they will be refined.*" At present there is no incentive to do the refining, just as there is little incentive for teachers to stay abreast of developments in the improvement of teaching.[9]

One alternative to competitive bidding among outside firms is the development of specifications for a contract between the school board and the local teachers association. In certain states there appears to be some question of the legality of this arrangement, yet the approach might serve board purposes with less disruption than a contract with a private company. The major advantage of soliciting private firms as qualified bidders is an increased probability of bringing in fresh ideas, better management, and greater leverage for the administration to institute reform during the turnkey phase. The politics of utilizing an outside group must be considered, however. Planners interested in contracting with the teachers association might wish to explore a contract in effect in 1971-72 in Dade County, Florida, between the board and the local association.

---

[9] A number of measurement and evaluation experts have written on the question of assessing educational performance in performance contracting. Examples are Robert E. Stake's "Testing Hazards in Performance Contracting," *Phi Delta Kappan*, June 1971; Roger Farr, J. Jaap Tuinman, and B. Elgit Blanton, "How To Make a Pile in Performance Contracting," *Phi Delta Kappan*, February 1972; and Robert L. Eble, "Some Problems in Assessing Educational Performance," a presentation made at the AERA-AASA conference mentioned above (proceedings scheduled for publication in the fall of 1972); D. T. Campbell and A. Erlebacker, "How Regression Artifacts in Quasi-Experimental Evaluations Can Mistakenly Make Compensatory Education Look Harmful," *Compensatory Education—A National Debate.* (Edited by J. Hellmuth.) Vol. 3, Disadvantaged Child. New York: Brunner Mazel, 1970.

If competitive bidding is used, then each proposal should be evaluated by key internal staff decision makers. While an outside management support group can develop the procedures for evaluation, it is critical for those who will be involved in the project during the demonstration or the turnkey phases to have a voice in the final decision. Moreover, the process of reviewing proposals is an excellent training tool for all parties. Staff recommendations should be presented to the school board not only in terms of relative strengths and weaknesses but also in terms of several assumed levels of student performance. For example, while one firm's guarantee or fee for students achieving at a one-grade-level increase may be more competitive than the rest, another firm may provide a more advantageous pricing arrangement if the students achieve *two* grade levels. Presentation of alternatives requires professional judgements regarding the projected learning curve of the students, the effectiveness of the proposed learning system, and other considerations. For large projects being considered for turnkey operations, administrators should consider simulating the relative cost-effectiveness of the proposed program and should examine the economics of the system through sensitivity and trade-off analyses. Blaschke reports that his firm finds this very useful for determining the opportunity costs of various learning systems under various constraints that will remain in force during the turnkey phase.

Criteria for selecting a contractor could include the following: soundness of educational approach, pricing arrangement and fees, and corporate and personnel experience. There are other factors. Staff members presenting strengths and weaknesses should take into account the trade-offs between soundness of approach and pricing arrangements. For example, one firm's representative might not explain his proposed approach in depth, yet guarantee that all students will achieve a certain level, under which level he would receive no payment. Another might describe his firm's approach in great detail but his pricing arrangement might suggest that he has lower confidence in his system. An indication of corporate commitment, as well as the commitment of consultants, should be specified in writing. For example, in one case, upon learning of the contract initiated by one of their divisions, corporate headquarters officials who viewed performance contracting as a low priority attempted to terminate.

6. *What are the important considerations in final contract approval?* The performance contract will evolve as a negotiated document based on the specifications or RFP and the company's proposal, plus the inclusion or exclusion of errors of omission arrived at through negotiation. The question of abdication of responsibility is much more likely to arise in those instances where the final contract is more similar to the contractor's proposal than the original specifications or request for proposal. One consideration critical to the success of the program is the trade-off be-

tween an extremely detailed contract arrived at through bitter arguments and one more simple in nature based on a greater deal of good faith[10] Board members should also realize that a contract will be a public document, possibly creating political problems. For example, Blaschke reports that in one project his company developed, the favored firm wanted a contract to specify that the individual school system would determine whether a given student was fit emotionally for the program. The school district did not want to specify individuals, for obvious political reasons.

7. *What about monitoring procedures and systems?* A management information system that allows for continuous monitoring and evaluation needs to be included in the overall plan. It should permit staff and board members to be responsive to questions from the community and general public. The creation of a project office with standard operating procedures is necessary if close contract administration is to be guaranteed.

The Turnkey Operation

Not all performance contracts, by any means, provide for turnkey. Blaschke insists that they should. After all, if the prime rationale for employing a private firm is to demonstrate the value of new approaches, then once the demonstration is completed the private firm should withdraw. Blaschke therefore recommends careful scrutiny by administration and board of (a) the turnkey analysis and (b) the configuration of the contractor's program if adopted by the school conditional upon the changes the school is willing to make.

The turnkey analysis attempts to determine the cost-effectiveness of the contractor's program with the target population in limited subject matter areas compared with the schools' instructional system counterpart. It is important that all relevant costs be considered in the analysis. A firm could hide certain costs, if it was willing to take a loss the first year in the hope of recouping if the school should adopt the program on a widescale turnkey basis in following years. Assumptions underlying the cost-effectiveness analysis should be carefully examined. For example, since few school districts teach a course in reading at the junior and senior high level, what segments of what courses (such as language arts or English) should be considered as a "reading" program for comparison with the contractor's reading program? A thorough turnkey analysis will examine the use of a teacher's time in such areas as administration, instruction, testing, etc., to plan for economies. If an attempt is to be made during the turnkey phase to differentiate teacher roles, it is important for manpower planning purposes to

[10] A good example of a simple document, quickly drawn and speedily accepted, is the contract between BRL and the Gary board, which covers only a few pages, yet arranges for a private firm to operate an entire school for three years. It could become a source of difficulty when the final financial settlement is made.

know the functional requirements for operating a turnkey classroom.

If a cost-effectiveness study of the contractor's program indicates that it is more productive than the school program, then a second analysis is conducted to analyze the economics of the contractor's learning system proposed for turnkey adoption. This analysis should reveal what changes have to be made within the school system to achieve similar cost-effectiveness. The contractor might agree to guarantee that the school will achieve 80 percent of what he demonstrated could be done if the school also will utilize incentives for students, incentives for teachers, differentiated staffing, etc. Without these changes, the contractor might only guarantee 20 percent. The "Cost-Ed" model Blaschke's firm used in some 30 school districts in 1970-71 to conduct the turnkey analysis included manipulation and assessment of approximately 1,200 variables for determining optimal configurations.

3.
A Concluding Note

Reading the professional literature on performance contracting and brief handbooks such as this one, while important, is no substitute for down-to-earth discussions with administrators and teachers who have successfully (or even unsuccessfully) experimented with performance contracting. Their experience is now comparatively rich, and a number of sites have been well publicized. A satisfactory visit can usually be arranged by telephone. A curious, knowledgeable, and observant professional, if he visits with an open mind, can learn a great deal from a few days of conversation and observation.

One such visitor was Bel Kaufman, teacher and author of the widely admired *Up the Down Staircase*. Writing in *Today's Health* in September 1971 after a visit to the Banneker School in Gary, Indiana (Behavioral Research Laboratories had been in charge for a year), she revealed a good deal of ambivalence about performance contracting. At this point it seems that this *ought to be* the dominant educator reaction.

Here are some of Miss Kaufman's observations:

> I must admit my conflicts: I am jealous for my profession, reluctant to abdicate to big business, apprehensive about its potential dangers. I want to cry out: "Wait—not yet—don't take away our children, Sir . . . ." Yet who is to say what is best and for which child?
>
> The Banneker experiment offers no radical teaching method. It does provide excellent materials, efficient organization, and eagerness to succeed, motivated in part by the need to protect its investment, but also, I think, by a genuine desire to improve education . . .
>
> This is the first step; without it, the Banneker kids are lost . . . . but my doubts about this program remain. I question its overemphasis on reading and math. True, they are easily measured. (How do you measure feeling? What is the worth of a random thought? Of silence? What is the annual cost of imagination?) . . . .
>
> Above all, I question education as a commodity to be bought and sold for profit. It is not a product; it is a process. It is seeking something that may never be found; something that will beckon when the last of the Sullivan books is put away and the TV set is dark and the movie is over and the school doors are closed. It demands thinking and arriving at one's own conclusions, which may be way off the national norm.
>
> Yes, but the fact remains. Statistics show. Better than nothing. Spelling before creativity.

37

Appendix A.
Firms Listed by Education Turnkey Systems as Being Prepared (as of July 1, 1972) To Enter into Performance Contracts in Education

ALPHA Learning Systems, Inc.
5309 Sequoia Road, N.W.
Albuquerque, New Mexico 87120

Alternatives, Inc.
P. O. Box 2577
San Rafael, California 94901

Behavioral Research Labs
Ladera Professional Center
P. O. Box 577
Palo Alto, California 94302

Betti Kit, Inc.
2630 West Howell Road
Mason, Michigan 48854

Contemporary Schools of Colorado, Inc.
First Federal Savings Building
2502 East Pikes Peak Avenue
Colorado Springs, Colorado 80909

Dorsett Educational Systems, Inc.
P. O. Box 1226
Norman, Oklahoma 73069

Educational Development Lab, Inc.
Huntington, New York 11743

Harcourt, Brace & World, Inc.
Test Department, Fourth Floor
757 Third Avenue
New York, New York 10017

Independent Learning Systems
Terralinda, California 94903

Innovative Sciences, Inc.
Stamford, Connecticut

Intermarc
16522 James Couzens
Detroit, Michigan 48221

Learning Foundations International
Learning Foundations Building
Athens, Georgia 30601

Learning Research Associates, Inc.
1501 Broadway
New York, New York 10036

Learning Unlimited
22 Park Street
New Canaan, Connecticut 06840

McGraw-Hill Book Co.
330 West 42nd Street
New York, New York 10036

McMillan Education Services
8701 Wilshire Boulevard
Beverly Hills, California 90211

Meredith Corporation
40 Park Avenue South
New York, New York 10016

Newman Visual Education, Inc.
400 Thirty-Second Street
Grand Rapids, Michigan 49508

Responsive Environments Corporation
1025 Connecticut Avenue, N.W.
Washington, D. C.

Science Research Associates,
Inc.
259 East Erie Street
Chicago, Illinois 60611

Xerox Education Division
880 Third Avenue
New York, New York

Appendix B. Request for Proposal (Dallas Independent School District)

Dear

The institution named above is invited to submit a proposal(s) in response to the enclosed "Request for Proposal" as set forth in the Scope of Work requests contained in Attachment 1 to this letter.

The products and services solicited by these Scope of Work requests will constitute the management support and education audit components for the first year of the Project, "Guaranteed Student Performance in Education and Training," described *in toto* in Tab B to Attachment 1. The institutions may respond to either or both of the Scope of Work requests contained in Attachment 1.

Payment will be in the form of a fixed cost plus fixed fee. Other cost reimbursement and contractor payment methods may be submitted by the bidder, but they must be justified in detail.

The "Guaranteed Student Performance in Education and Training" Project will consist of contractor-operated Accelerated Achievement Centers, offering instruction in communications, mathematics, motivational training and occupational skill training. The Accelerated Achievement Centers will be located in five inner-city senior high schools, all of which qualify for ESEA, Title I funds. The students will be enrolled in grades nine through twelve. Students who participate in the Project will have learning and behavioral profiles similar to their peers who have already dropped out of school. Participants will be released from the regular school classroom counterpart subject areas (English, mathematics, vocational, social studies as applicable) for participation in the project. Credit for appropriate subjects will be offered upon successful completion of the training.

A major annual and long range objective of this Project is to increase the efficiency and effectiveness of the above instructional programs in the counterpart grade levels at these five senior high schools. The evaluation design has been constructed to determine the most cost-effective combination of the programs which can then be adopted by the Dallas Independent School District.

Hence, in addition to the normal management support services, any bidder must show evidence of capability in the following areas:

1. The modification, validation and implementation of an education resources management system.

1

2. The design, testing and implementation of a management information system that facilitates decision-making and monitoring during the Project's operations.

3. The application of sophisticated management tools, models and strategies such as PERT, the preparation and use of Gantt charts, and "critical" path analysis.

4. The ability to train top management staff and middle managers in the use of the above-named management techniques and approaches.

To facilitate the on-site work of the contractor, the Dallas Independent School District will provide the following at no cost to the contractor:

1. Office space, furniture and equipment, (office supplies) and (secretarial support) for a maximum of one professional and one research assistant from the management support group and for one professional from the education audit group.

2. A thorough familiarization with the Project, and all documents prepared during the planning phase.

3. For the assistance of the education auditor only, staff personnel competent in research design, computer-programming and evaluation, for a time not to exceed one man-day per week, unless approved in advance by the Assistant Superintendent, Planning and Research.

4. Computer real-time for all necessary manipulations of data will be available to both the management support and the education audit groups at educational rates.

A bidder may respond to either or both of the Scopes of Work requests. If the bidder chooses the latter, separate proposals must be submitted. Approximately $27,000 is available for the services of the education auditor, and $51,000 is available for the management support group. The bidder's proposal must include (not to the exclusion of other information that the bidder deems relevant) the following components:

PART I: Operations Plan (no cost information is to be contained in Part I)

41

1. A general statement of the role and responsibilities of the management support and/or education audit groups in providing audit and management support services to a school system that is contracting for instructional systems on a guaranteed performance basis.
2. The technical approach to be used in performing the Scope of Work. Attention should be paid to the conceptualization of the Project, the role of the management support and/or education audit group, and the approaches and techniques to be used.
3. The organization and management of the Project.
4. Project manning specifications, indicating levels of expertise and time to be spent per activity.
5. Corporate background, to include resumes of full-time employees and consultants who will work on this Project.

PART II: Estimated Budget (to be submitted in a separate sealed envelope). Estimated costs for management support and education audit services should be presented separately including a cost basis for each category below even though bids may be submitted with both Statements of Work.

1. Personnel costs
   a. Professional
   b. Research assistants
   c. Administrative
   d. Staff support (secretaries, etc.)
2. Consultants
3. Travel and per diem costs
4. Equipment and supplies (books, tests, desks, etc.) Items to be specified under the categories:
   a. Consumable
   b. Non-consumable
5. Services purchased (computer time, telephone, etc.)
6. Indirect costs. Indicate: per cent, as well as total; line items contributing to indirect cost figure; and special considerations, if any, for DISD services and facilities provided.

7. Fee. Indicate per cent and total amount.
8. Total
9. Suggested payment schedule with rationale for same.

Contract(s) award(s) will be made to the institution whose proposal is most advantageous to the Dallas Independent School District. The Dallas Independent School District reserves the right to reject any and/or all proposals and at any time after the closing date for proposal submission to conduct negotiations to the extent that the Dallas Independent School District deems necessary and appropriate. If funding levels are altered, the Dallas Independent School District reserves the right to negotiate for modified services and products and/or reopen the bidding process. The proposals should be submitted on the most competitive basis with regard to the nature of the request for proposal, the capabilities of the bidder and bidder's commitment to satisfy the conditions inherent in this approach and the cost. Once the contractor submits the bid(s), only the Dallas Independent School District can initiate renegotiations.

A Pre-Bidders' Conference is tentatively scheduled for 10:00 A.M., Central Daylight Savings Time, May 29, 1970, in Room 106, School Administration Building, Dallas Independent School District, 3700 Ross Avenue, Dallas, Texas.

Ten (10) copies of the proposal(s) and five (5) copies of separately enclosed pricing information should be received in the office of the Dallas Independent School District designee no later than 5:00 P.M., Central Daylight Savings Time, June 12, 1970. The expiration for completing the performance of this contract will not be later than June 19, 1971.

Technical questions that pertain to the substance of this request for proposals as well as contractual questions should be directed to the Dallas Independent School District, designee, Mr. Rogers Barton, Assistant Superintendent, Department of Planning and Research, Dallas Independent School District, 3700 Ross Avenue, Dallas, Texas (214-824-1620, Ext. 401).

This letter or its attachments should not be construed as a contract or commitment on the part of the Dallas Independent School District.

Sincerely,

Nolan Estes
General Superintendent

NE:jfm

ATTACHMENT I

Scope of Work
Management Support
and
Education Audit

1. *General Conditions*

   a. The contractor shall have on site a full-time professional employee or at the least a local and/or regional staff professional consultant who has committed one half of this total time to this Project; *or* can make available on site, on a four-hour notice during working hours, an individual assigned to the Project to provide specified services on request from the Project Manager.

   b. The contractor shall indicate a thorough understanding of the Project and its intent. He shall become extremely knowledgeable with every document of record prepared during the planning; demonstrate a knowledge of the historical development of the Project, the personal relationships developed during the planning effort, the organizational structure, and the relationships within and external to the Dallas Independent School District which are related directly or indirectly to the Project. The contractor shall meet with the key individuals involved in the planning (past and present) as well as the implementation of the Project. He shall meet with the contractor selected for operating the major components and indicate a thorough knowledge and understanding to the latter's proposed approach. The contractor shall record discussions with appropriate school officials to be reviewed by the Project Manager and will have discussions with other designated officials from which will be formed the evaluation of the adequacy of the contractor's knowledge and understanding.

   c. The contractor shall indicate a thorough understanding of the "Performance Contract-Turnkey" (See Tab B) approach in terms of conceptualization and intent.

   d. The contractor shall state in writing any conflict of interest which might exist if selected to provide the requested services. Upon proper cause, the contractors must respond to questions raised by any of the parties concerned, including the contractor(s) operating the instructional training components.

e. The contractor shall be willing either to consult extensively with and to hire and train community residents and/or Dallas Independent School District employees where appropriate in the completion of all services required by the contract. (See Tab A of Attachment I for suggested ways in which the contractor may utilize such personnel.)

2. *Performance Requirements of Anticipated Activities: Management Support Group*

a. Design, develop and implement a management information system which will:

(1) Report student progress toward interim and final performance objectives, by treatment configuration, by school, by contractor (if more than one contractor is involved in instruction) and by individual results, to the following officials for the following general purposes:

(a) The Project Manager for determining basis of interim payments to the contractor.

(b) The Project Manager for validating and/or modifying decision criteria.

(c) The Project Manager for renegotiating or terminating the instructional contracts and/or modifying modules of the instructional program according to pre-determined contingency plans indicated in the instructional contractor's proposal.

(d) The Project Manager for validating voucher requests from the contractors and reporting verified statements to the Dallas Independent School District budget and accounting office for contractor payment.

(e) The contractor(s) to be used as feedback for internal evaluation and instructional systems redesign and modification as necessary.

(f) The staff evaluator on the Project Management staff for input into the evaluation design.

(2) Report actual costs as well as assigned costs of other resources to the Project Manager at predetermined dates to be used for cost effective analysis, sensitivity analyses, and trade-off analyses in order to determine the optimal configuration and feasibility of Turnkey operations.

(a) Develop the relevant procedures, forms, timesheets, etc. for the implementation of the management information system.

(b) Design and develop a computer-based model for determining the relative cost effectiveness of the nine treatment configurations, the relative cost effectiveness of the three most cost effective configurations in comparison to the Dallas Independent School District's counterpart programs, and administrative costs and the projected cost effectiveness associated with performing the Turnkey process when appropriate. Compatible interface must be assured in terms of data inputs, outputs, and other similar requirements between the model which is to be developed and the existing evaluation design and goal assessment criteria as modified upon contractor negotiations and by the direction of The Education Audit Group. Refine and/or modify extant or newly developed procedures which will be used by the Project Management Office during the administration of the project.

46

(c) The procedures utilized must be compatible with extant Dallas Independent School District administrative procedures and legal constraints and must be certified by the Education Audit Group.

(d) Assist the Project Management Office in the initiation and execution of the operational components, including monitoring of their components on a requested basis.

(e) Conduct the necessary cost effectiveness analyses as indicated in activities (1) and (2) above with recommendations presented to the Dallas Independent School District Project Management Office, other school officials, and the Dallas Independent School District Board of Education:

[1] Relative cost effectiveness in terms of cost per level of increase by unit of instructional time and/or student learning characteristics.

[2] The actual costs and cost of administrative and other changes to implement the three most cost-effective treatment configurations into the Dallas Independent School District coun-

terpart programs in the Project Senior high schools, beginning with the ninth grade at the end of Year 1 of the Project.

[3] The relative levels of guarantee which the contractor will make if the program is adopted by DISD, conditional upon changes in administrative procedures and cost outlays to be made by DISD—to be presented in terms of alternative costs and benefits to relevant decision makers.

Design and certification to be completed by August 30, 1970. Implementation and modification to occur as called for in the design from August 30, 1970 to end of school year, 1971.

(3) Assist the Project Manager in the conduct of press conferences, briefings, and other forms of public relations activities.
To be performed as requested during the first year of the Project.

(4) Train Dallas Independent School District top management staff, principals and assistant principals in the application of sophisticated management tools and strategies, such as PERT and "critical" path analysis, to the resource allocation and decision-making processes.
To be performed once a month during the first year of the Project.

(5) Assist the Project Manager in evaluating and then implementing new and proven cost-effective techniques and strategies to the management of this Project.
To be performed as required during the first year of the Project.

(6) Assist the Project Manager in planning for the second year of the Project. This activity is to include the preparation for Turnkey and/or Project expansion, requiring at a minimum the development of an education resources management system, an objects network, and an estimated budget for the second year's activities and products.
To be performed as requested by the Project Manager during the first year of the Project.

(7) Assist in soliciting funds for Project expansion and/or continuation in the second year.

47

To be performed when requested by the Project Manager during the first year of the Project.

(8) Assist the Project Manager in the preparation of summary and interim reports, School Board Agenda Items, Executive Team reports, reports to advisory groups and to participating schools, and recommendations relative to Project decision making.
To be performed when requested by the Project Manager during the first year of the Project.

3. *Statement of Anticipated Activites: Education Audit Group*

The Education Audit Group will serve in a staff capacity to the Project Manager's Office during the first year of the Guaranteed Student Achievement Project. (See Tab A for details of the Project.)

48

The Education Audit Group will advise, and provide technical assistance to, the Project Manager in the general areas of process, product and management evaluation as applied to the Guaranteed Student Achievement Project. In the fulfillment of these duties, the Education Audit Group will be required to perform the following services in accordance with specified product and delivery dates as estimated below, but to be firmly established by the time of contract signing.

a. *To review, modify and certify the Project's goals and evaluation design.* The Auditor will examine the design, the proposed instruments, the data collection procedures, the statistical treatments, and the Project's goals and objectives. He will make recommendations as to the internal logic of the design, the validity and reliability of the instruments, and the administrative feasibility of the total evaluation process. He will assist the Project Manager in making recommended changes and will certify the final product.
To be completed by August 28, 1970.

b. *To advise the Dallas Independent School District during contract negotiations with the contractors who are offering instructional goods and services which will be utilized in the Project.* Such advice will pertain to the merits and weaknesses of each bidder's program(s), interim and final objectives, method of performance, measurement, instrumentation and cost-reimbursement proposals.
To be completed when contract is signed, about August 1, 1970.

c. *To review, modify, implement and monitor the Dallas Independent School District's proposal evaluation process.* The Auditor will establish criteria that expand upon, but do not basically change, the criteria and weighings stipulated in the request for proposals provided potential bidders. The objectives of the Auditor's proposal evaluation process will facilitate neutrality, objectivity and ease in the review.
To be completed by July 1, 1970.

d. *To develop an audit design.* The Auditor will submit for the Project Manager's approval an audit design for year one of the Project. The design proposal, with supporting documentation, instrumentation, and rationale, will be directed at the assessment of management procedures and instructional processes and products. The audit design will specify:

(1.) Information requirements by appropriate levels of DISD personnel with suggested formats to be used in performing the audit.

(2.) Documentation requirements and procedures for program modifications of operational and/or service contracts, including decision criteria and validation of same.

(3.) Format for presentation of information to Project Manager; Assistant Superintendent, Planning and Research; Executive Team; the Dallas Independent School District Superintendent; and School Board.

(4.) Man-power requirements for implementation, by activity, by level of expertise; and by direct and indirect resources necessary for completion.
To be completed by August 31, 1970.

e. *To implement the audit design.* The Auditor will be responsible for instrument development and validation, determining and certifying testing conditions, receipt of data from the DISD testers, statistical analysis of the data, formulations of conclusions and recommendations for further action based upon such conclusions, and presentation to the appropriate decision makers stipulated in D-3, above. Sub-tasks to be completed as specified in audit design.
Completion of total audit design no later than 30 days after end of first year of Project operations.

f. *To supervise and certify all measurements, tests and other assessments upon which contractor payment is*

based. The Auditor will ensure that testing conditions are comparable, that the instruments and their component parts are confidential, and that contractor payment is based solely upon their results, both in the interim performance and final product assessment.
To be performed as necessitated by the contract between DISD and instructional contractor.

50

Dear Mr.

You and/or your institution are invited to submit a proposal in response to the enclosed "Request for Proposal" as set forth in the scope of work described in Attachment 1 and/or Attachment 2. These services will constitute the operation of "Accelerated Achievement Centers," offering programs in the areas of mathematics, communications, motivational and/or occupational skill training. Approximately 985 students deficient in the above areas will participate in one or more of the instructional programs to be offered by the contractor during the 1970-1971 school year. The contractor will be required to maximize student performance in the above areas within general time and cost per student constraints. A fixed cost plus incentive (penalty) fee or modified performance-incentive contract will be specified. Other cost reimbursement and contractor payment methods may be submitted *in addition to* those described above but each will have to be justified in detail to be considered.

This one-year contract, with period of performance beginning as early as August 25, 1970, will be an integral part of a five-year project, entitled "Guaranteed Student Performance in Education and Training," which will be conducted by the Dallas Independent School District. The target population for the first year will be enrolled in the ninth through twelfth grades in five inter-city senior high schools within the Dallas Independent School District. These senior high schools have qualified for Elementary and Secondary Education Act Title I funds in the past and are projected to qualify for these funds in the school year 1970-71. Students who will participate in the Project will have learning and behavioral profiles similar to students who have already dropped out of the respective schools. Participants will be released from the regular school classroom instruction in mathematics, English, social science, and occupational training for participation in the project.

One of the overall five-year objectives of this Project is to increase the efficiency of the above instructional programs in the counterpart grade levels at the five senior high schools. Hence the evaluation design has been constructed to determine the most cost effective

51

combination of the three and/or four accelerated learning programs above which upon demonstrated proficiency could be adopted by the Dallas Independent School District on a Turnkey basis.

Because of the multi-cell treatment combinations necessitated by this evaluation objective, there exists a significant inter-relationship between the four programs in the Project. It is strongly recommended that prospective contractors consider the advantages of a consortium arrangement, whereby one contractor, acting as a prime contractor, responds to this request for proposals and indicates the functions and roles as well as cost reimbursement relationships with the subcontractors.

The bidder's substantive and cost proposals must follow the specifications stipulated in Tab J, attached. All cost information will be enclosed in a separate sealed envelope. Only suggested *methods* of contractor payment and proposed cost reimbursement formulae will be described in the substantive narrative (Part A) of the proposal (See Tab J). No actual prices should be quoted in the main body of Part A. All envelopes containing cost information are to be identified with the bidder's assigned proposal number and the specified closing date.

52

A contract award will be made to the organization and/or consortium whose proposal is determined to be most advantageous to the Dallas Independent School District or, if all proposals are unacceptable, the Dallas Independent School District may reject all proposals. Criteria for selection are described in Attachment I "Statement of Work." The Fiscal Agent, the signer of this letter, reserves the right to reject any and/or all proposals and at any time after the closing date for proposal submission to conduct negotiations to the extent that the Fiscal Agent deems necessary and appropriate. If funding levels are altered, the Fiscal Agent reserves the right to negotiate for a modified program and/or call for new proposals. The proposals should be submitted, however, on the most competitive basis with regard to the criteria for evaluation, capabilities of the bidder, and the commitment of the organization to meet the contingencies inherent in this performance contracting approach. Once the contractor bids, only the Fiscal Agent can initiate renegotiations.

A pre-bidder's conference is tentatively scheduled for 10:00 A.M., May 29, 1970, in Room 106, Administration Building, Dallas Independent School

50

District, 3700 Ross Avenue, Dallas, Texas. All intentions to bid should be made by written notice to be received by the Fiscal Agent designee by no later than June 8, 1970, at 5:00 P.M., Central Daylight Savings Time.

Ten (10) copies of the proposal and five (5) copies of separately enclosed pricing information should be received in the office of the Fiscal Agent designee no later than July 1, 1970, 5:00 P.M., Central Daylight Savings Time. The expiration date for completing performance of this contract will be no later than June 30, 1971.

Technical questions pertaining to the substance of this request for proposals as well as contractual questions should be directed to the Fiscal Agent designee, Mr. Rogers Barton, Assistant Superintendent, Department of Planning and Research, Dallas Independent School District, 3700 Ross Avenue, Dallas, Texas (214-824-1620, Ext. 401).

This letter of transmittal or its attachments should not be construed as a contract or commitment on the part of the Dallas Independent School District.

53

Sincerely,

Nolan Estes
General Superintendent

NE:jfm

Appendix C.
Contract

PERFORMANCE INCENTIVE CONTRACT
FOR THE PROJECT
"GUARANTEED STUDENT PERFORMANCE
IN EDUCATION AND TRAINING"
between
THE DALLAS INDEPENDENT SCHOOL DISTRICT
and
THIOKOL CHEMICAL CORPORATION

54

Contract Number 70-1
August 13, 1970

TABLE OF CONTENTS

Item	*Title*	*Page*
1.00	Definitions	5
1.01	Statement of Work—General	5
1.02	Statement of Work—Specific	5
1.03	Period of Contractual Obligation	6
1.04	Relationships of Dallas Independent School District to the Contractor	6
1.05	Termination	6
1.06	Successors and Assigns	7
2.00	Specific Provisions	7
2.01	Duties of the Dallas Independent School District	7
2.02	Duties of Contractor	7
2.03	Use of Local Personnel	9
2.04	Selection and Attendance of Students	9
2.05	Testing	11
2.05.1	Procedures for Assessing Student Achievement on Contractor's Interim Performance Objectives	12
2.05.2	Release of Test Results	13
2.06	Penalty for Teaching Test Items	13
2.07	Student Rights	13
2.08	Duties of Project Director	14

55

2.09	Period of Performance	14
2.10	Contractor Personnel Standards	14
2.11	Nondiscrimination	15
2.12	Contract Number Identification	15
2.13	Workmanship	15
2.14	Notice Prior to Publication	15
2.15	Notice of Subcontract Award	15
3.00	Payment Provisions	16
3.01	Fixed Price Performance Incentive Clause	16
3.02	Consideration and Payment	16
3.02.1	Billing	16
3.02.1 (A)	Motivation Achievement Reimbursement	16
3.02.1 (B)	Occupational Reimbursement	17
3.02.1 (C)	Management Cost	17
3.03	Student Dropout Unit Price	17
3.04	Replacement Students	18
3.05	Students Not Tested	18
3.06	Limitation of Payment	19
4.00	Management Services	19
5.00	Reports and Evaluation	19
6.00	Public Relations	20
7.00	Interpretations or Modifications	20

56

54

8.00	Other Contractors	20
9.00	Inspection	20
10.00	Notice and Assistance Regarding Patent and Copyright Infringement	20
11.00	Grievances and Disputes	21
12.00	Excusable Delays	21
13.00	Administrative Space and Classroom Facilities	22
14.00	Property Damage	22
	Signature Page	22
	Table 1	23
	Table 2	24
	Table 3	25
	Table 4	26

57

Contract Number 70-1
8/13/70

PERFORMANCE INCENTIVE CONTRACT
FOR THE PROJECT
"GUARANTEED STUDENT PERFORMANCE
IN EDUCATION AND TRAINING"
between
THE DALLAS INDEPENDENT SCHOOL DISTRICT
and
THIOKOL CHEMICAL CORPORATION

1.00 DEFINITIONS:

Contractor—Thiokol Chemical Corporation

Dallas Independent School District (DISD)—the entity awarding this Contract.

Project Director—Dr. Donald Waldrip or his successor designated by the Dallas Independent School District.

Project Administrator—Mr. James D. Purgason or his successor designated by Contractors.

Management Support Group—Council of the Great City Schools.

Auditing Contractor—Educational Testing Service.

1.01 Statement of Work—General

Contractor has entered into an agreement with the Dallas Independent School District to participate in a test of the effect of performance incentives on education among disadvantaged children. Contractor recognizes its duty to improve the occupational and motivational skills of senior high students who are now below standard. Contractor has developed an innovative instructional approach in teaching those needed skills.

1.02 Statement of Work—Specific

Contractor shall conduct an instructional program (hereafter referred to as Accelerated Learning Achievement Centers) for 875 student slots in grades 9, 10, 11, and 12. The project shall continue for the full 1970-71 academic year, consisting of approximately 180 class hours of instruction in achievement motivation and

58

56

up to approximately 720 hours in each occupational training course. Management support will be provided to Contractor and the entire project will be evaluated. Contractor guarantees a minimum level of results in terms of student achievement; to be held accountable for those results; and to accept payment conditional upon final results.

1.03 Period of Contractual Obligation

The period of contractual performance of this agreement extends from the effective date of this agreement to June 30, 1971.

1.04 Relationships of Dallas Independent School District to the Contractor

This contract is subject to prior written approval of the Dallas Independent School District. Contractor is responsible to the Dallas Independent School District for the performance of this contract. Any disputes of fact arising under this contract, as raised by contractor, shall be submitted to the Project Director whose decision shall be binding, except that any questions of fact or issues of law may be reviewed in any competent court having jurisdiction.

1.05 Termination

All obligations of DISD undertaken hereunder are wholly subject to Federal funds being made available to DISD and committed for the purposes of this Contract, and the actual receipt of such funds by DISD. This Contract shall neither encumber nor be funded from DISD revenues derived from local taxation nor from the State Foundation Program funds as they are now allocated and committed. In the event the funding from Federal sources is not received by DISD as anticipated during the contract performance period, this Contract shall be terminated immediately upon written notice by DISD to Thiokol Chemical Corporation and DISD shall have no further liability for costs accrued as fees earned by Thiokol Chemical Corporation after the giving of such notice. Payment to Thiokol for such costs accrued up to the date of termination shall be calculated on actual documented costs and payable to Thiokol: (a) By applying all provisional and advance payments theretofore made to Thiokol, and if there be an excess remaining,

such excess will be refunded to DISD; (b) If there be any balance remaining unpaid on said actual documented costs after applying such provisional and advance payments, then such balance shall be payable only to the extent that DISD may have any remaining balance of Federal funds committed to this project, on hand, unpledged and unexpended.

1.06 Successors and Assigns

All terms, conditions, and provisions hereof shall inure to and shall bind the parties hereto and each of their successors and assigns. Contractor shall not assign or transfer its interest, responsibility, or claims payable under this contract without prior written consent of the Dallas Independent School District's Project Director.

60

2.00 SPECIFIC PROVISIONS

2.01 Duties of the Dallas Independent School District

The Dallas Independent School District agrees to employ a full-time professional as Project Director who shall be the Superintendent's representative.

The Dallas Independent School District agrees to provide adequate secretarial and clerical staff support, and to provide adequate classrooms for Accelerated Learning Achievement Centers. Project Director may authorize the contractor to obtain modifications to classroom facilities. In such cases, contractor shall first provide specifications for such modifications to the Project Director and said modifications will be subject to approval by the Project Director.

The Dallas Independent School District agrees to maintain an information exchange involving teachers, counselors, consultants, and parents. The Dallas Independent School District shall host visitors to the program on a schedule and in accordance with procedures approved by the Project Administrator which do not interfere with the operations of the Accelerated Learning Achievement Centers.

The Dallas Independent School District agrees to arrange scheduling of classes to facilitate student attendance in the Accelerated Learning Achievement Centers.

2.02 Duties of Contractor

Contractor agrees to organize and operate the Ac-

celerated Learning Achievement Centers providing instruction in achievement motivation, and occupational training for students selected for participation.

Contractor certifies that the instructional system, materials, and equipment being used were not developed or financed under previous Government contracts or grants such that they would be available to the Dallas Independent School District in substantially similar form without charge. In the event that any such instructional system, materials, and equipment have been developed
or
financed under a previous Government contract or grant, the contractor shall disclose within 20 days of the effective date of this contract, through the Dallas Independent School District Project Director, the extent of modification of such items both as to substantive content, testing validation, and breakdown of costs related thereto.

If, during the contract period, contractor wishes to change the instructional system, materials, or equipment used, it must notify Project Director of any substantial changes. Upon their concurrence, such change may be instituted, provided, however, if there is a reduction in cost, the parties will promptly negotiate an equitable adjustment in price. The negotiated price shall be subject to the recommendation of the Project Director and approval of the Board of Education. In no event shall the Dallas Independent School District be liable for a change to more costly instructional system, materials, and equipment.

Contractor agrees to provide a full-time professional employee on-site during working hours to provide services specified herein. Contractor further agrees to maintain the level of effort of personnel and equipment required on-site over the full contract period to assure the maximum possible educational development for each student.

Contractor agrees to maintain and service all Contractor owned equipment required in the project and to immediately replace such equipment not repaired within 72 hours. If contractor has proprietary rights over any instructional equipment, it further agrees to expend a reasonable amount of effort in training local personnel employed by the Dallas Independent School District in the maintenance and servicing of said equipment, upon request of the Project Director.

61

Contractor agrees during each week of this Contract to be available for up to a maximum of eight (8) teacher hours for a group of not more than ten (10) individuals to train or orient project management staff of the Dallas Independent School District selected by the Project Director and the Management Support Group in the use of management techniques and approaches involved in contractor's instructional system.

Contractor agrees to submit in writing to the Management Support Group and the Project Director, for their use in monitoring the overall project, a management plan with specific task assignments, activities, and planning charts not later than fifteen (15) days after the beginning of instruction. Contractor agrees to make available, on a confidential basis, all internal planning and operational documents related directly to the instructional operation of the project necessary to fulfill the intent and purpose of the overall project.

62

Contractor shall have the Accelerated Learning Achievement Centers in operation as of the first day of classroom instruction in the school district.

2.03 Use of Local Personnel

Contractor agrees to the requirements made by the Dallas Independent School District on the employment, training, certification, payment, and use of teaching personnel presently employed by Dallas Independent School District, as detailed in its Administrative Policy Manual which is made a part of this contract.

2.04 Selection and Attendance of Students

All students who are potential participants in this program will have grade level deficiencies in reading and mathematics as determined by the Dallas Independent School District or its designee. Students have been selected for participation by random assignment by the Dallas Independent School District from a target population pool of 1,600 students. The Dallas Independent School District shall obtain written parental consent for students to participate in the project.

During the first ten (10) days in which a student participates in the Accelerated Learning Achievement Centers, that student shall receive testing by the Dallas Independent School District or its designee to determine individual entry level. If, during that ten (10) day period, contractor disagrees that the student is qualified to participate because of emotional or mental reasons

unrelated to standardized test results, he may request the student's removal in writing to the Project Director. Upon the Project Director's determination, an individual test will be administered by a certified psychologist under the aegis of the Auditing Contractor. In all cases, the Project Director's decision on student participation shall be final and binding.

Those students remaining after the ten (10) day period shall remain in the program for the full number of class days normally scheduled for the school for all students. Any student who does not remain shall be the subject of inquiry and certification by the Auditing Contractor and the reasons for students leaving the program shall be a subject in the evaluation report. For the purpose of this contract, and more particularly paragraph 3.04 below, the following are the only bona fide reasons for a student leaving the program: commitment to institutional care; the family moving out of the school district; induction into the armed forces; illness or incapacitation for a continuous period of 10 school days or for intermittent periods totalling 20 days in any three-month period; or parent or guardian requests removal. In all these cases, Contractor shall give written notice to the Project Director when in its opinion a student's absences warrant removal from the program. The Project Director shall obtain a written statement from the parent, and the validity of the stated cause shall be certified by the Auditing Contractor.

Contractor shall daily furnish the names of any absent students, and the Dallas Independent School District shall use the same efforts and procedures as are used for all other students in the school district to ensure attendance at make-up and at future sessions. If the student transfers to another school in the district, the Dallas Independent School District shall not be responsible for continued student participation in the project; but, shall be responsible for replacing students in accordance with procedures determined by the Project Director. If regular school schedules are changed, the Dallas Independent School District agrees to ensure that time will be available for the selected students to continue to participate.

A student shall not remain in the Contractor's classes if receiving disciplinary punishment, including temporary expulsion from regular classes. The Dallas Independent School District shall inform the Project Administrator immediately whenever a student receives disciplinary punishment or temporary expulsion

necessitating absence from the Contractor's classes. Contractor may request the Dallas Independent School District to initiate such action based on student behavior in the Accelerated Learning Achievement Centers.

Student participants who reach legal age to voluntarily discontinue their regular school attendance may do so, but may nevertheless elect to continue in the program. The performance of such a student shall continue to be the subject of payment to Contractor.

Whenever possible, students who leave the program for any reason shall be post-tested for evaluation purposes by the Auditing Contractor, as more specifically set forth in Clause 2.05. Contractor shall use its best efforts to obtain such post-tests, particularly by notifying the Auditing Contractor upon learning that a student may be leaving the program.

64 When a vacancy occurs, it shall immediately be certified by the Project Director. A replacement will be randomly selected from the target population by the Auditing Contractor within three (3) days and placed in the program by the Dallas Independent School District within five (5) days. No replacements shall be made later than thirty (30) days before the end of the project. If the pool needs to be increased, students will be selected for inclusion on the same basis as students were originally selected. Final decision on replacements rests with the Project Director.

After-school project operating hours to allow students who have been absent to complete the work they have missed will be established as deemed necessary by the mutual agreement of Project Administrator and Project Director.

2.05 Testing

Entry and exit level status of each student participant will be determined by scores on a nationally normed, standardized, commercially available achievement test administered at the beginning and end of the 1970-71 academic year by the Dallas Independent School District or its designee. The Dallas Independent School District, in conjunction with the Project Director, shall supervise these and the administration of IPO instruments. Such tests will be the basis for determining student gains and contractor reimbursement. No information whatsoever shall in any way be disclosed to contractor as to what test or what forms of the test have been or will be used, excepting such information as may be furnished by the

62

Project Director to all contractors involved in this performance incentive experiment project.

Contractor has the right to administer any tests, except standardized achievement tests, that are part of his program for the diagnosis and placement of students or for contractor's internal program assessment.

Tests and testing procedures for project evaluation and for Contractor payment purposes or both shall be under the authority of the Dallas Independent School District or its designee.

Testing of student progress under the authority of the Dallas Independent School District or its designee shall be as follows:

2.05.1 The procedures for assessing student achievement on contractor's interim performance objectives shall be as follows:

a. The assessment of student performance on the contractor's interim performance objectives shall take place within seven (7) days of the following dates:

Interim Assessment 1	10-2-70
Interim Assessment 2	11-13-70
Interim Assessment 3	1-16-71
Interim Assessment 4	2-27-71
Interim Assessment 5	4-14-71

b. No later than August 25, 1970, Contractor shall submit to the Auditing Contractor the instruments it proposes to use for each Interim Assessment, 1 through 5. Contractor shall indicate the objectives to be assessed and the relationship of the objectives to the Contractor's curriculum.

c. The Auditing Contractor shall certify to the Dallas Independent School District that the objectives to be assessed are a fair measure of the Contractor's Program.

d. If the Auditing Contractor is not satisfied with the Contractor's performance levels, it shall stipulate in writing to the Dallas Independent School District. A copy of said writing shall be simultaneously delivered to the Contractor. The writing shall set forth the reasons for its dissatisfaction, with recommendations for improvement. The Dallas Independent School District, with the assistance of the Project Director, shall then negotiate such conditions and their remedy with the Contractor.

65

e. The Dallas Independent School District or its designated representative shall administer the interim assessment measurements.

2.05.2 Release of Test Results

Only the Dallas Independent School District shall authorize the release of any test results to the public. In all cases, they shall be group scores and not individual scores. Neither Contractor, Management Support Group, Auditing Contractor, or any of their agents, servants, employees, or consultants shall release test results or cause them to be made public in any way without written permission of the Project Director, Dallas Independent School District.

66

2.06 Penalty for Teaching Test Items

Dallas Independent School District, through the Auditing Contractor, will have the right to conduct an audit of the Thiokol curricula at any time. The use of standardized tests is intended to prevent affirmative influencing of student performance on standardized, norm-referenced tests by foreknowledge of questions to be asked, commonly called "teaching to tests." Suspicion by the Auditing Contractor that teaching to tests has been attempted or accomplished shall be stated in writing to DISD and Thiokol. Representatives of DISD or its designee shall immediately visit the project site and determine the validity of the charge, and the damages that may have occurred. If substantial damages have occurred, DISD may charge that Thiokol has breached the Agreement and may terminate the contract and seek damages as it has sustained.

2.07 Student Rights

Recent decisions in a variety of jurisdictions, including the Supreme Court of the United States, have established student constitutional rights as against school districts, their agents, servants, or employees and administrative and instructional personnel. Contractor shall assume that the same constitutional prohibitions apply to it. Contractor actions in regard to all student participants, particularly in the event of expulsion from the program, must meet constitutional requirements, especially those of procedural and substantive due process.

2.08 Duties of Project Director

The Project Director, as the authorized representative of the Dallas Independent School District, shall have general responsibilities for coordination and administration of the program with regard to the Dallas Independent School District, the Contractor, the Management Support Group, the Auditing Contractor, the local community, project personnel, parents and student participants.

The Dallas Independent School District agrees to develop general support for the experiment in its dealings with community, parents, and teachers including, where necessary, programs of parent orientation as to the objectives of the experiment. The contractor should maintain sufficient contacts with the community to ensure reasonably adequate advance notice of any adverse public sentiment concerning the program. Where any such sentiment is indicated, the Contractor should notify the Management Support Group and Project Director.

The Project Director, with assistance from the Management Support Group, shall have specific responsibility for Contractor efficiency; contracts management; systems effectiveness; student progress; detailed record keeping; assuring performance results; public relations function; development of base line data and continued monitoring.

The Dallas Independent School District or its designee shall provide the Project Director with all forms and procedures by which the above information is to be collected and reported. The Management Support Group will provide necessary training, development, and requisite project management assistance to the Project Director and his staff.

2.09 Period of Performance

The Contractor's effort hereunder shall be performed during the period commencing with the date of approval of the program by the Dallas Independent School District School Board and ending June 30, 1971. The date of the school board approval shall constitute the effective date of the contract.

2.10 Contractor Personnel Standards

Contractor shall certify to the Dallas Independent

School District that all Contractor personnel of every category shall be personally and professionally qualified for the assignment to be undertaken.

2.11 Nondiscrimination

In connection with the performance of this contract, the Contractor agrees not to discriminate against any person on the grounds of race, color, religion, sex, or national origin.

2.12 Contract Number Identification

The Contractor agrees to utilize the number of the contract on all correspondence, communications, reports, vouchers and such other data concerning the contract or delivered hereunder.

68

2.13 Workmanship

The composition, workmanship, printing or reproduction, and substantive content of all studies, reports, evaluations, charts, graphs, tables, and other data to be furnished under this contract shall strictly conform to the generally accepted quality standards of the contractor's profession and shall be suitable for dissemination and use without substantial revision by the Dallas Independent School District.

2.14 Notice Prior to Publication

Contractor shall give advance notice to and shall seek and obtain approval of the Project Director prior to publishing, permitting to be published, or distributing for public consumption, any information, oral or written, concerning the objectives, results, or conclusions made pursuant to the performance of this contract.

2.15 Notice of Subcontract Award

If the contractor awards a subcontract or purchase order under this contract in the amount of $10,000.00 or more ($20,000.00 or more if solely for standard commercial supplies or raw materials), the Contractor shall, within twenty (20) days after award of such subcontract or purchase order, advise the Project Director, in writing, of the date of award of the sub-contract or order, and furnish the Project Director a copy of said sub-contract.

3.00 PAYMENT PROVISIONS

3.01 Fixed Price Performance Incentive Clause

The performance incentive measurement for establishing contract price shall be based on the results of pre- and post-test gains as measured by standardized tests established in each subject, and interim performance tests after completion of each period of approximately six (6) weeks or thirty (30) hours of instruction in each subject.

3.02 Consideration and Payment

This section defines the consideration and payment to the Contractor. The total maximum amount available for payment on this Fixed Price Performance Incentive Contract shall be as follows:

A. Achievement Motivation	$ 124,606.
B. Management	24,500.
C. Vocational	59,613.
Total	$208,719.

69

3.02.1 Billing

The contractor will submit an initial billing in the amount of $27,083. for startup cost within seven (7) days from the effective date of operations. Thereafter, the contractor will submit ten equal invoices in the amount of $18,164. at the end of each month.

The above billings will be adjusted on a cumulative to-date basis each quarter according to the contractor's actual performance as the information becomes available and as delineated in the description which follows.

A. MOTIVATION ACHIEVEMENT REIMBURSEMENT

Final reimbursement to the contractor will be based on a fixed amount per student per grade level increase in accordance with Tables 1, 2, and 3.

The students in Motivational Achievement are divided into two main groups:

First, 500 students who shall receive Motivation Achievement training and who, in addition, shall also receive Communications or Math or Communications and Math training.

Second, 125 students who shall receive Motivation Achievement training and who shall not receive any Communications or Math training, (Achievement Motivation Control Group).

The Contractor shall be paid for the performance of the students in accordance with the provisions of the Tables 1 to 3 inclusive which are affixed to this Contract and made a part hereof:

Group	Tables
First Group (as above defined)	1 & 2
Second Group (as above defined)	3

In no event shall the cumulative payment provided for Motivation Achievement exceed a total of $124,606.00 or an average of $199.37 per student.

70

B. OCCUPATIONAL REIMBURSEMENT

Final reimbursement to the contractor for occupational training will be based on a fixed amount per student per level of attainment in accordance with Table 4.

Table 4 includes all students in the Metals, Automotive, and Drafting occupational programs.

The maximum average amount for which the contractor may be reimbursed for training an occupational student will be $397.42.

In addition to reimbursement for training, the contractor will receive $50.00 per student for placement on a job. The contractor shall be entitled to such bonus upon the student's remaining on the job for thirty (30) calendar days from date of placement. The $50.00 placement bonus is in addition to the $397.42 allowed for occupational training. In no event shall the cumulative payments provided for Occupational Training and placement exceed $59,613.00.

C. MANAGEMENT COST

Reimbursement to the Contractor will be made in the amount of $24,500.00 as payment of the direct and indirect costs of providing a Project Administrator as is required under this Contract.

3.03 Student Dropout Unit Price

If any student drops out or otherwise leaves either the Reading or Mathematics programs through no fault of Thiokol Chemical Corporation and for cause as

defined, the unit price for each such student shall be computed on the basis of the percentage of instructional hours the dropout was in attendance out of the total number of hours (180) of the program. The unit price to be paid for the dropout shall be that percentage of the price payable for the average pre- to post-test gains for all students enrolled in the appropriate program or programs, and average interim performance test achievement.

Whenever possible, all student dropouts shall be administered post-tests by the Auditing Contractor. If a dropout has been in the program for more than half an instructional year, and has been post-tested, the results of the post-test shall form the basis for computing the payment due the Thiokol Corporation in place of the formula presented in the previous paragraph. The unit price for each such dropout shall be determined by extrapolating his actual gain to the total gain he would have achieved if he remained in the program to its completion, and also by extrapolating his achievement on interim performance tests taken. The unit price paid to Thiokol Corporation will be the proportional part of the price payable for the projected gain and interim test performance determined from the number of hours the student was in the program. Thiokol Corporation shall not be paid any cost or fee for any student who drops out of the program for any reason not stipulated in paragraph 2.04.

71

3.04 Replacement Students

The unit price for students who are placed in the program as replacements for dropouts shall be calculated on the same basis as those described for dropouts in the two preceding paragraphs.

3.05 Students Not Tested

If a student is unable to take any regularly scheduled test that is a basis for Contractor reimbursement or regularly scheduled make-up tests, and if said student has been in attendance at the Accelerated Learning Achievement Center no less than eighty-five (85%) per cent of the time for the instructional period being evaluated, it shall be assumed that said student's score is the same as the average test or gain score, whichever is appropriate, for all students in that Accelerated Learning Achievement Center or the same grade level as said student.

3.06 Limitation of Payment

Within forty-five (45) days after the final post-measure test results are established and reported by the Auditing Contractor to the Contractor, the Contractor shall submit an adjusted final voucher with detailed supporting information for each unit price for each subject for each student enrolled in the program and total additional amounts that may be due in all subject areas.

4.00 MANAGEMENT SERVICES

The Dallas Independent School District is involved in a larger project entitled "Guaranteed Student Performance in Education and Training." This contract is one portion of said oroject. It is the intent of the Dallas Independent School District to award other contracts to other contractors for portions of said project other than Achievement Motivation & Occupational Training. For example, it is contemplated that the Dallas Independent School District may simultaneously with the award of this Contract award a separate and distinct contract to the Meredith Corporation for programs in Communications and Mathematics.

72

Project Administrator

Thiokol shall appoint the Project Administrator, subject to the prior approval of the Project Director. The Project Administrator will report directly to the Project Director. He will be responsible for classroom scheduling and other administrative functions and decisions not expressly reserved to the individual Contractors, and will decide all routine matters concerning administration of the project. He will communicate his decisions to both Contractors, and either Contractor may appeal such decisions directly to the Project Director. All progress reports, position papers and other communications will be made individually by each Contractor to the Project Director, and a copy of all written communications will be forwarded to the Project Administrator.

5.00 REPORTS AND EVALUATION

Contractor shall prepare any position papers or reports which are required to be filed with the Dallas Independent School District in order to carry out the intent of this Contract. Said documents shall be filed with the Project Director. The Dallas Independent School District shall separately evaluate the performance of Thiokol in

70

each area of training (i.e., Achievement Motivation and Occupational Training). Contractor shall submit an original and five (5) copies of any required reports within five (5) working days after each six-week interim period.

6.00 PUBLIC RELATIONS

All public relations or publicity releases or other similar disseminations or announcements or community relation activities shall be cleared through the Project Director prior to release.

7.00 INTERPRETATIONS OR MODIFICATIONS

No oral statement of any person and no written statement of anyone other than the Project Director or his authorized representative shall modify or otherwise affect the terms or meaning of this contract. All requests for modifications or changes shall be made in writing to the Project Director.

73

8.00 OTHER CONTRACTORS

The DISD may undertake or award other contracts for additional or related work, and the Contractor shall fully cooperate with such other contractors and DISD employees. The Contractor shall not commit any act which will interfere with the performance of work by any other contractor or by DISD employees.

The foregoing paragraph shall be included in the contracts of all contractors with whom the Contractor will be required to cooperate in order to require the same standard of cooperation by such other contractors with the Contractor.

9.00 INSPECTION

The DISD, through any authorized representatives, has the right, at all reasonable times, to inspect or otherwise evaluate the work performed or being performed hereunder and the premises in which it is being performed. All inspections and evaluations shall be performed in such a manner as will not unduly interfere with the Contractor's performance under this Contract.

10.00 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT

Thiokol Corporation agrees to hold DISD harmless of all lost costs and expenses because of any infringement

of copyright on instructional materials, equipment and supplies used by Thiokol Corporation in the performance of this contract.

11.00 GRIEVANCES AND DISPUTES

Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Project Director who shall reduce his decision to writing and furnish a copy thereof to Thiokol Corporation. The decision of the Project Director shall be final and conclusive unless, within thirty (30) days from the receipt of such copy, Thiokol Corporation furnishes to the Project Director a written appeal addressed to the DISD General Superintendent. The decision of the Superintendent or his duly authorized representative for the determination of such appeal shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, Thiokol Corporation shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, Thiokol Corporation shall proceed diligently with the performance of the contract in accordance with the requirements of the Project Director. If such performance results in additional costs to the Contractor and if such decision is later reversed or modified, the Contractor shall be entitled to additional quantum merit compensation.

74

12.00 EXCUSABLE DELAYS

The Contractor shall not be in default by reason of any failure in performance of this contract in accordance with its terms, if such failure arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to: acts of God or of the public enemy; acts of the Government in either its sovereign or contractual capacity; fire; flood; epidemics; quarantine restrictions; strikes; freight embargoes; and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the failure of a subcontractor to perform or make progress,

72

and if such failure arises out of causes beyond the control of both the Contractor and the subcontractor, and without the fault or negligence of either of them, the Contractor and subcontractor shall not be deemed to be in default, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources.

13.00 ADMINISTRATIVE SPACE AND CLASSROOM FACILITIES

Dallas Independent School District shall provide suitable space for the Project Administrator at no cost to Contractor. Dallas Independent School District shall provide shop facilities and equipment comparable to that presently provided by the Dallas Independent School District at no cost to Contractor.

14.00 PROPERTY DAMAGE

Dallas Independent School District and Thiokol shall each be responsible for damage to or loss of their own property, shall release the other from any such claims, and shall indemnify, defend and hold the other so harmless.

In Witness Whereof, Contractor and the Dallas Independent School District have executed this Contract by their duly authorized officers or representatives this day of , 1970.

Attest: Dallas Independent School District

By_____ By_____
Nolan Estes,
General Superintendent

Title_____ Title_____
Business

Attest: Contractor:
Thiokol Chemical
Corporation

By_____ By_____
Garry E. Dymock Robert L. Marquardt

Title_____ Title_____
Contract Administrator Group Vice President

Contract Number 70-1
8/13/70

TABLE 1

ACHIEVEMENT
MOTIVATION PAYMENT SCHEDULE
PER STUDENT

Communications Skills and Mathematics

Grade Level Increase	Per Student Reimbursement	Incremental Payment
Below 1.0	$ -0-	$ -0-
1.0	55.00	9.00
1.1	64.00	9.00
1.2	73.00	9.00
1.3	82.00	9.00
1.4	91.00	9.00
1.5	95.00	4.00
1.6	99.00	4.00
1.7	103.00	4.00
1.8	107.00	4.00
1.9	111.00	4.00
2.0	115.00	4.00
2.1	124.00	9.00

NOTE:
1. This schedule is for 500 students who take either Communications Skills or Mathematics or both who are also in Achievement Motivation. See also additional measurements for the same schedule using Communications Skills and Mathematics.
2. Contractor will be reimbursed for student dropouts in accordance with the provisions of Clause 3.04 herein.
3. For each 0.1 grade level increase above 2.1 the Contractor will be reimbursed an additional $9.00.
4. The total average amount of reimbursement for grade level gains will not exceed $199.37.

Contract Number 70-1
8/13/70

TABLE 2

ACHIEVEMENT
MOTIVATION PAYMENT SCHEDULE
PER STUDENT
Based on Attendance and Behavior Model

Attendance	Below 84%	-0-
	84%	$41.00
	86%	59.00
	88%	67.00
	90%	76.00
	92%	94.00
* Behavior	20 pts	-0-
	30 pts	33.50
	40 pts	48.50
	50 pts	57.00
	60 pts	64.50
	70 pts	79.50
* * Discipline	20% higher and above	28.50
	Below 20%	

This schedule is for 500 students who take Achievement Motivation and either Communications or Mathematics or both. See also additional measurements for the same students using Communications Skills and Mathematics.

* Behavior will be scored by a deportment scale completed by teachers in non-project courses in which Achievement Motivation and non-Achievement Motivation students are enrolled.

* * Discipline will be measured by the classroom behavior scale in a control versus a non-control mode with both groups being from the target population. A score 20% or more higher than the mean score of the non-Achievement Motivation students in the control group by a student in the Achievement Motivation group shall require payment of $28.50 to Contractor.

Contract Number 70-1
8/13/70

TABLE 3

ACHIEVEMENT MOTIVATION
CONTROL GROUP PAYMENT SCHEDULE
PER STUDENT

	Level of Improvement	Per Student Reimbursement	Penalty Increment	Penalty Total
Attendance	92%	$158.00	$ -0-	$ -0-
	90%	114.00	44.00	44.00
	88%	92.00	22.00	66.00
	86%	70.00	22.00	88.00
	84%	26.00	44.00	132.00
	Below 84%	-0-	26.00	158.00
Behavior	70 pts	79.00	-0-	-0-
	60 pts	57.00	22.00	22.00
	50 pts	46.00	11.00	33.00
	40 pts	35.00	11.00	44.00
	30 pts	13.00	22.00	66.00
	20 pts	-0-	13.00	79.00
* Disciplinary Improvement	20%	57.00	-0-	-0-
	Below 20%	-0-	57.00	57.00

NOTE: Contractor will be reimbursed for student dropouts in accordance with the provisions of Clause 3.04 herein.
* Discipline will be measured by the classroom behavior scale in a control versus a non-control mode with both groups being from the target population. A score 20% or more higher than the mean score of the non-motivation students in the control group by a student in the motivation group shall require payment of $57.00 to contractor.

Contract Number 70-1
8/13/70

TABLE 4

OCCUPATIONAL PAYMENT SCHEDULE PER STUDENT

	Per Student Reimbursement	Penalty Increment	Total Penalty
OJT/Graduate	$427.50	$ -0-	$ -0-
Apprentice	367.50	60.00	60.00
Assistant	247.50	120.00	180.00
Helper	187.50	60.00	240.00

NOTE: Contractor will be reimbursed for student dropouts in accordance with Clause 3.04 herein.

Appendix D.
Contract

PERFORMANCE INCENTIVE CONTRACT
between
DALLAS INDEPENDENT SCHOOL DISTRICT
and
NEW CENTURY, EDUCATIONAL DIVISION
MEREDITH CORPORATION

Contract Number 70-2
August 13, 1970

Contract Number 70-2
8/13/70

TABLE OF CONTENTS

Item	*Title*	*Page*
1.	Definitions	5
2.	Statement of Work—General	5
3.	Term of Contract	6
4.	Project Director and Management Support Group	6
5.	Project Administrator	7
6.	Individual Control and Direct Accountability	8
7.	Termination	8
8.	Assignment	9
9.	Classroom and Information Exchange	9
10.	Publicity	10
11.	Student Attendance	10
12.	Systems, Materials and Equipment	10
13.	Records and Level of Effort	11
14.	Equipment, Maintenance, Storage, and Use	11
15.	Training of Local Personnel	12
16.	Implementation Plans	12
17.	New Century Agreement to Commence Project	12

81

79

18.	DISD Policy Used by New Century	12
19.	Selection and Attendance of Students	12
20.	Testing and Evaluation of Performance	15
21.	Breach of Contract for Teaching Test ~~Questions~~ Items	18
22.	Extra Time for Teaching	18
23.	Product and Personnel Liability and Insurance	18
24.	Performance Bond	19
25.	Constitutional Rights of Students	19
26.	DISD Approval of New Century Personnel	19
27.	Non Discrimination	19
28.	Contract Number Identification	19
29.	Inspection of On-Going Work	20
30.	Acceptance of the Quality of Documentation	20
31.	Other Conditions	20
32.	Costs and Records	20
33.	Notice and Assistance Regarding Patent and Copyright Infringement	21
34.	Subcontracts	21
35.	Covenant Against Contingent Fees	22
36.	Grievances and Disputes	22

37.	Excusable Delays and Faults	23
38.	Payment Provisions	23
39.	Student Dropout Unit Price	23
40.	Replacement Students	24
41.	Students Missing Interim Tests	24
42.	Provisional Cash Payments and Adjustments	25
43.	Community Support by DISD for New Century	25
44.	Other Provisions	25
45.	Appendix A	27

83

Contract Number 70-2
8/13/70

"GUARANTEED STUDENT PERFORMANCE
IN EDUCATION AND TRAINING" PROJECT
contract between
DALLAS INDEPENDENT SCHOOL DISTRICT
and
NEW CENTURY, EDUCATIONAL DIVISION,
MEREDITH CORPORATION

The Dallas Independent School District, 3700 Ross Avenue, Dallas, Texas, (hereinafter "DISD"), having an interest in improving the ~~reading~~ Communications, mathematics, occupational and motivational skills of those senior high school students within its district, whose mentioned skills are now below standard, and being interested in testing the effect of performance incentives on achieving these goals, and New Century, Educational Division, Meredith Corporation, 440 Park Avenue South, New York, New York (hereinafter sometimes called "New Century"), having developed an innovative instructional approach in teaching some of these needed skills, based upon mutual covenants set forth below, hereby agree as follows:

1. Definitions:

Contractor—New Century, Educational Division, Meredith Corporation

Dallas Independent School District—(DISD) the entity awarding this Contract.

Project Director—Dr. Donald Waldrip or his successor designated by the Dallas Independent School District.

Project Administrator—Mr. James D. Purgason or his successor designated by Contractors.

Management Support Group—Council of the Great Cities Schools

Auditing Contractor—Educational Testing Service

2. Statement of Work — General

New Century will be responsible for conducting instruction in ~~reading~~ Communications and Mathematics. Thiokol Chemical Corporation, Bristol, Pennsylvania (hereinafter called "Thiokol"), will be responsible for conducting instruction in Achievement Motivation and

~~Vocational~~ Occupational Training. DISD will simultaneously enter into separate agreements with New Century and Thiokol (hereinafter called "Contractors").

New Century shall conduct an instructional program (hereinafter sometimes referred to as "Accelerated Learning Achievement Centers") for students in grades 9, 10, 11 and 12. Six-hundred and twenty-five (625) students each will be placed, respectively, in the ~~Reading~~ Communications and Mathematics programs. The instructional programs shall continue for the length of the 1970-71 academic year and will not exceed 180 class hours of instruction each in ~~Reading~~ Communications and Mathematics. New Century guarantees a minimum level of results in terms of student achievement and to be held accountable for those results and to accept payment conditioned upon final results as set forth in a payment schedule in Appendix A attached to this Agreement.

85

3. Term of Contract

The period of contractual performance of this Agreement extends from the date of its execution, to be no later than August 15, 1970, to July 15, 1971. If the date of contract execution is later than August 15, New Century may at its option terminate the agreement or, in the alternative, all dates hereinafter specified in the agreement will be automatically extended by a number of days equal to the number of days between August 15, 1970 and the date of execution of this Agreement.

4. Project Director and Management Support Group

DISD will appoint a Project Director to oversee the project activities of the Contractors. He will be a full-time, paid employee of DISD. The Project Director as the authorized representative of DISD shall have general responsibilities for coordination and administration of the program with regard to DISD, New Century, the Management Support Group, the Auditing Contractor, the local community, project personnel, parents and student participants. The Project Director, with assistance from the Management Support Group, shall have specific responsibility for contract management; detailed record keeping; public relations; development of base line data and continued monitoring; monitoring of New Century costs and cost effectiveness; initial and follow-on purchases, rental, maintenance and replacement of equipment. DISD or its designee shall

provide the Project Director with all forms and procedures by which the above information is to be collected and reported. The Management Support Group will provide necessary training, development, and requisite project management assistance to the Project Director and his staff.

5. Project Administrator

Thiokol shall appoint the Project Administrator subject to the prior approval of the Project Director. The Project Administrator will report directly to the Project Director. He will be responsible for classroom scheduling and other administrative functions and decisions not expressly reserved to the individual Contractors, and will decide all routine matters concerning administration of the project. He will communicate his decisions to both Contractors, and either Contractor may appeal such decisions directly to the Project Director. All progress reports, position papers and other communications will be made individually by each Contractor to the Project Director, and a copy of all written communications will be forwarded to the Project Administrator.

86

Contractors hereby agree to the designation of Mr. James D. Purgason as Project Administrator. ~~Since Mr. Purgason is an employee of Thiokol, New Century agrees to pay Thiokol as reimbursement for direct and indirect costs incident to maintaining Mr. Purgason as Project Administrator, the sum of Eleven Thousand ($11,000) Dollars for the initial contract year of this Agreement. DISD will deduct the reimbursement due Thiokol for Mr. Purgason in five equal amounts of Two Thousand Two Hundred ($2,200) Dollars from each of the five interim provisional payments due New Century specified in Paragraph 42. DISD will pay this reimbursement directly to Thiokol.~~ Should Mr. Purgason not serve as Project Administrator for the entire contract year, ~~the payment shall be prorated. Any~~ any successor to ~~Mr. Purgason~~ him, will be appointed by the Project Director after consultation with the Contractors. ~~Reimbursement of the costs of a successor to Mr. Purgason, if not an employee of either Contractor, will be on the basis of an equal division by both Contractors of actual costs. If Mr. Purgason's successor is an employee of either Contractor, the sharing of his costs will be by mutual agreement of both Contractors, or if the Contractors are unable to agree, by an equitable ratio decided by the the Project Director.~~ In no

case will DISD incur the costs of maintaining a Project Administrator except for providing such supporting services and facilities as set forth herein.

6. Individual Control and Direct Accountability

New Century shall control its curriculum, teaching aids, materials, and conduct of the ~~Reading~~ Communications and Mathematics programs in accordance with the conditions of this Agreement, and shall hire, train and fire its own employees, agents, or independent contractors, directly or indirectly paid by New Century, except for the Project Administrator and his secretary.

Teachers used in the Reading and Mathematics programs will be employed by New Century unless DISD deems it necessary to employ these teachers as regular DISD personnel. Upon notification by DISD to New Century, the teachers used in the ~~Reading~~ Communications and Mathematics programs will be employees of and paid by DISD. They will be placed in the ~~Reading~~ Communications and Mathematics programs only after New Century has signified its acceptance of these teachers in these programs. Upon notice by New Century to DISD that it desires the removal of a teacher from these programs at New Century's sole discretion, DISD shall authorize New Century to interview potential replacements supplied by DISD and to place an acceptable teacher into the ~~Reading~~ Communications or Mathematics programs. New Century agrees to reimburse DISD the salary determined by DISD plus the benefit costs for all teachers used in the ~~Reading~~ Communications and Mathematics programs within ten (10) days after the receipt of interim payments from DISD pursuant to Paragraph 42 of the agreement.

DISD shall evaluate the performance of New Century in its conduct of the ~~Reading~~ Communications and Mathematics programs in accordance with the performance criteria specified in Paragraph 20 and Appendix A. All payments by DISD to New Century shall be payable directly to New Century, and New Century shall directly submit its own invoices to DISD.

7. Termination

All obligations of DISD undertaken hereunder are wholly subject to Federal funds being made available to DISD and committed for the purposes of this Contract, and the actual receipt of such funds by DISD. This Con-

87

tract shall neither encumber nor be funded from DISD revenues derived from local taxation nor from the State Foundation Program funds as they are now allocated and committed. In the event the funding from Federal sources is not received by DISD as anticipated during the contract performance period, this Contract shall be terminated immediately upon written notice by DISD to New Century and DISD shall have no further liability for costs accrued or fees earned by New Century after the giving of such notice. Payment to New Century for such costs accrued up to the date of termination shall be calculated on actual documented costs and payable to New Century: (a) by applying all provisional and advance payments theretofore made to New Century, and if there be an excess remaining, such excess will be refunded to DISD; (b) if there be any balance remaining unpaid on said actual documented costs after applying such provisional and advance payments, then such balance shall be payable only to the extent that DISD may have any remaining balance of Federal funds committed to this project, on hand, unpledged and unexpended. The DISD reserves the right to first pay directly out of such balance of funds, if any, any obligations owing by New Century to teachers and other personnel who were used by New Century and assigned to the performance of the program covered by this Contract.

88

8. Assignment

All terms, conditions, and provisions hereof shall inure to and shall bind the parties hereto and each of their successors and assigns. Meredith Corporation shall not assign or transfer its interest, responsibility, or claims payable under this contract without prior written consent of the DISD's Project Director.

9. Classroom and Information Exchange

DISD agrees to provide adequate classrooms for Accelerated Learning Achievement Centers, specified to be no fewer than that set forth in Tab B of the DISD request for proposal. The Project Director may authorize New Century to obtain modifications to classroom facilities. In such cases, New Century shall first provide specifications for such modifications to the Project Director and said modifications will be subject to approval by the Project Director.

DISD agrees to maintain an information exchange involving teachers, counselors, consultants, and parents. DISD shall host visitors to the program on a schedule and in accordance with procedures approved by the Project Administrator so that program operations are not unduly disturbed.

10. Publicity

New Century shall give advance notice to and shall seek and obtain approval of the Project Director prior to publishing, permitting to be published or distributing for public consumption, any information, oral or written, concerning the objectives, results or conclusions made pursuant to the performance of this Contract. In the event that information on publicity items concern activities which are the responsibility of both Contractors, such items shall be issued jointly through the Project Director except that all parties to this contract may publicly release or describe this Agreement or any portion thereof. DISD shall give advance notice to New Century prior to publishing, permitting to be published, or distributing for public consumption, any information, oral or written, concerning the objectives, results, or conclusions made pursuant to the performance of this Contract. Only DISD, through the Project Director, shall authorize the release of any test results to the public. Such results shall be group scores or individual scores, but the names of individual students shall not be made public. Neither New Century, or the Management Support Group, or the Auditing Contractor, or any of their employees or consultants shall release test results or cause them to be made public in any way without permission of the Project Director. The release of information to students, their parents or guardians is expressly permitted and exempted from the foregoing prohibitions concerning releases to the public.

89

11. Student Attendance

DISD agrees to arrange scheduling of classes to facilitate attendance of students in the Accelerated Learning Achievement Centers.

12. Systems, Materials and Equipment

New Century agrees to provide instruction in ~~Reading~~ Communications and Mathematics for students

87

selected by DISD for participation in the ~~Reading~~ Communications and Mathematics programs. New Century certifies that the instructional system, materials, and equipment to be used in these programs are substantially the same as identified in its response to the DISD request for proposal. New Century further certifies that the instructional system, materials, and equipment to be used, were not developed or financed under previous Government contracts or grants and that they would not be available to DISD in substantially similar form without charge or claim by the Government. If, during the contract period, New Century wishes to change substantially the instructional system, materials, or equipment used, it will notify the Project Director of any such change. In no event shall DISD be liable for the costs of a change to more costly instructional systems, materials, and equipment.

90

13. Records and Level of Effort

New Century shall maintain records to reflect all actual start-up and operating costs in accordance with reasonable reporting forms and procedures established by the DISD Management Support Group, and at specific intervals required by the Project Director. New Century agrees to supply promptly all data and other information required by the Project Director for the reporting system and for such reasonable intent and purposes of the overall project as are stated in this Agreement.

New Century agrees to provide a full-time, on-site program manager who, in addition to operations for New Century, will also be responsible to obtain such data and information. New Century further agrees to maintain the level of effort required on-site over the full contract period to assure the maximum possible educational development for each student in the ~~Reading~~ Communications and Mathematics programs.

14. Equipment, Maintenance, Storage, and Use

New Century agrees to maintain and service all equipment used in the ~~Reading~~ Communications and Mathematics programs, and to immediately replace within 72 hours any defective equipment, as required for continuing conduct of the programs. DISD will provide adequate, lockable facilities for storage and repair of New Century program equipment. New Century agrees that, upon request of the Project Director, New Century

will expend a reasonable amount of effort in training local DISD personnel in the maintenance and servicing of New Century proprietary equipment used in the ~~Reading~~ Communications and Mathematics programs.

15. Training of Local Personnel

New Century agrees to train or orient project management staff selected by the Project Director and the Management Support Group in the use of management techniques and approaches involved in New Century's instructional systems.

16. Implementation Plans

New Century agrees to submit in writing to the Management Support Group and the Project Director, for their use in monitoring the overall project, a management plan with specific task assignments, activities, and planning charts not later than thirty (30) days after the beginning of instruction. New Century agrees to make available to DISD, on a confidential basis, all internal planning and operational documents related directly to the conduct of the ~~Reading~~ Communications and Mathematics programs, as may be deemed necessary by DISD to fulfill the intent and purpose of the overall project.

17. New Century Agreement to Commence Project

New Century shall be prepared to commence the Reading Communications and Mathematics programs as of the first day of classroom instruction in the school district, subject to the provision of Paragraph 3, above. New Century agrees to suffer a penalty of Five Hundred ($500) Dollars for each late day.

18. DISD Policy Used by New Century

New Century agrees to the requirements made by DISD for employment, training, certification, payment, and use of local personnel, as detailed in the DISD Administrative Policy Manual ~~attached to this contract and made a part thereof~~ which is made a part of this contract.

19. Selection and Attendance of Students

All students in the ~~Reading~~ Communications and Mathematics programs will have grade level deficiencies in ~~Reading~~ Communications and mathematics as deter-

mined by a standardized, commercially-available, achievement test to be selected and administered by DISD or its designee, as described in Paragraph 20 below. Students will be selected for participation by DISD through random assignment from a target population pool of 1,600 students in grades 9, 10, 11 and 12. DISD shall obtain written parental consent for students to participate in the project. No student shall be placed in the ~~Reading~~ Communications or Mathematics programs who would not be eligible and accepted for instruction in regular DISD classes by virtue of mental or emotional deficiencies. If, during the first thirty (30) days of the program New Century determines that a student is not qualified to participate in the program because of emotional or mental deficiencies, it may request the student's removal in writing to the Project Director. Upon the Project Director's determination, an individual test will be administered by a certified psychologist under the aegis of the Auditing Contractor. In all cases, the Project Director's decision on student participation shall then be final and binding.

92

Those students remaining in the ~~Reading~~ Communications and Mathematics programs after the first thirty (30) day period shall remain in such programs for the full number of class days normally scheduled for the school for all students. Any student who does not remain in a program shall be the subject of inquiry and certification by the Auditing Contractor, and the reasons for students leaving the programs shall be stated by the Auditing Contractor in an evaluation report. For the purpose of this contract, and more particularly Paragraph 39, below, the following are the only bona fide reasons for a student leaving the program:

a. The student is ~~restrained~~ retained in institutional care, such as in a hospital, or confined before or after trial for law violation.

b. The family moves out of the Dallas metropolitan area.

c. The student enters the armed forces.

d. The student dies or is incapacitated by illness or otherwise, for either a continuous period of eleven (11) days or for intermittent periods totalling twenty (20) days in any three month period.

e. The student is removed upon request of parent or guardian.

In all these cases, New Century shall give written notice to the Project Director when in its opinion a student's absences warrant removal from the program. The Project Director shall obtain a written statement from the parent, and the validity of the stated cause shall be certified by the Auditing Contractor.

New Century shall daily furnish the names of any absent students to the Project Director, and DISD shall use the same efforts and procedures as are used for all other students in the school district to ensure continued attendance at future sessions and at any make-up sessions which may be required. If the student transfers to another school in the district, DISD shall not be responsible for continued student participation in the project but shall be responsible for replacing such students in accordance with procedures determined by the Project Director. If regular school schedules are changed, DISD will ensure that time will be provided for students in the ~~Reading~~ Communications and Mathematics programs to continue to participate in these programs.

A student shall not remain in the ~~program~~ Contractor's classes if receiving disciplinary punishment, including temporary expulsion from regular classes. DISD shall inform the Project Administrator whenever a student receives disciplinary punishment or temporary expulsion necessitating removal from the ~~project~~ Contractor's classes. New Century may request DISD to initiate such action for particular students based on their behavior in the ~~Reading~~ Communications and Mathematics programs.

Student participants who reach the legal age when they voluntarily discontinue their regular school attendance may do so and still elect to continue in the ~~Reading~~ Communications or Mathematics programs. The performance of such students shall continue to be the subject of payment to New Century.

Wherever possible, students who leave the program for any reason shall be post-tested for evaluation purposes by the Auditing Contractor, as more specifically set forth in Paragraph 39, below. New Century shall use its best efforts to facilitate such post-tests, particularly by notifying the Auditing Contractor upon learning that a student may be leaving the program.

When a vacancy occurs in the ~~Reading~~ Communications or Mathematics programs, it shall be certified by the Project Director. A replacement will then be

93

randomly selected from the target population by the Auditing Contractor within three (3) days thereafter, and will be placed in the program by DISD within five (5) days. If the pool of students from the target population needs to be increased, students will be selected for inclusion on the same basis as students were originally selected. Final decision on replacements will rest with the Project Director. No replacements shall be made later than thirty (30) days before the end of the project.

20. Testing and Evaluation of Performance

All tests and testing procedures for project evaluation and for determination of New Century payment, or both, shall be under the authority of DISD or its designee.

94

The entry and exit level status of each student participant in the ~~Reading~~ Communications and Mathematics programs will be determined by scores on a nationally-normed, standardized, commercially available achievement test administered at the beginning and end of the 1970-71 academic year by DISD or its designee. The results of these tests will be the principal factor in determining student gains and New Century reimbursement. No information whatsoever shall in any way be disclosed to New Century as to what test or what forms of the test have been or will be used, excepting such information as may be furnished by the Project Director to all Contractors involved in the project.

Assessment of student performance *during* the conduct of the ~~Reading~~ Communications and Mathematics programs shall be based on criterion-referenced tests provided by New Century for each program, as described below. The results of these tests will be a supplementary factor in determining student gains and New Century reimbursement.

The Project Director shall have the right to test a sample of participants in the ~~Reading~~ Communications and Mathematics programs that he deems appropriate for his own management requirements at any time after such participants have received a minimum of twenty (20) hours of instruction in either ~~Reading~~ Communications or mathematics. Such tests shall not be the basis of reimbursement to New Century. Such tests will be administered during hours in which the tested students are not scheduled for attendance in program classes.

New Century will have the right to administer any tests that are part of its program for the diagnosis and

92

placement of students or for internal program assessment.

The procedures for determining the standardized pre-test, post-test, and a standardized test net gain scores per individual student shall be as follows:

a. DISD will select a commercially available, nationally-normed, standardized ~~reading and arithmetic~~ Communications and Mathematics test and/or subtest.

b. Not more than ten (10) days after New Century's first day of classes, DISD or its designee shall administer the test to the appropriate students. The entry level of each student must be established by procedures which measure actual skills independent of current grade assignment. If any student tests outside of the normal central range of his test, he will be retested using a lower (or higher) grade level test until his test results locate him in the central range of the test. The central range of any test shall be defined as plus or minus one (+1)(-1) standard deviation from the mean. New Century shall not be told, nor shall it attempt to determine in any manner whatsoever what test or what form of what test any student received. New Century shall be informed ten (10) days prior to the pre-test of the test levels to be used for each grade level involved in the ~~Reading~~ Communications and Mathematics programs. DISD shall inform New Century of the entry grade level achieved by each student in the ~~Reading~~ Communications and Mathematics programs, and shall warrant that all tested students have scored in the central range of the applicable test, as defined above.

c. No earlier than twenty (20) days and no later than five (5) days prior to New Century's last day of classes, projected to be May 31, DISD or its designee shall administer a post-test to each student in the ~~Reading~~ Communications and Mathematics programs. The post-test shall be a different form of the same test that was administered to the student as the pre-test. New Century shall not be told prior to the post-testing, nor shall it attempt to determine in any manner whatsoever what test or what form of test any student shall receive.

d. DISD or its designee shall have authority over pre- and post-testing conditions, including make-up examinations, to ensure that the testing conditions

95

are as comparable as is possible. Exceptions to the comparability of pre- and post-test conditions shall be investigated by the Auditing Contractor and reported to DISD with recommendations concerning the validity of test results. DISD shall then make a determination which shall be binding upon both parties to this Contract.

The procedures for assessing student achievement on New Century's criterion referenced interim performance tests shall be as follows:

a. The assessment of student performance on New Century's interim performance tests in the ~~Reading~~ Communications and Mathematics programs shall take place at five points during the conduct of each program. The first interim test will be given within seven (7) days after six (6) weeks or approximately thirty (30) hours of instruction. The remaining four interim tests will be scheduled in like manner.

96

b. Thirty (30) days prior to each interim test date, New Century shall submit to the Auditing Contractor the ~~instruments~~ test items it proposes to use for that test. New Century shall indicate the objectives to be assessed in each program and the relationship of the objectives to the curriculum of each program. New Century shall also submit an item pool, to consist of no less than three (3) times the number of items stipulated by New Century as necessary for the assessment of each objective. The Auditing Contractor may add such items to this pool as it considers necessary. Each interim performance test will be designed by the Auditing Contractor.

c. The Auditing Contractor shall certify to DISD that the objectives to be assessed are a fair measure of ~~the~~ New Century's curriculum and that the items are a fair measure of the objectives. If the Auditing Contractor is not satisfied with New Century's objectives, or the number and relevance of the test items, it shall advise in writing to DISD and New Century the reasons for its dissatisfaction, with recommendations for improvement. The Project Director shall determine the issues at question and specify the remedy. If the Auditing Contractor is satisfied with the objectives and the test items, it shall randomly sample items from the item pools for each program to build each interim performance test.

d. DISD or its designated representative shall administer the interim performance tests. New Century shall see the test instruments used no sooner than the day they are to be administered.

21. Breach of Contract for Teaching Test ~~Questions~~ Items

Within thirty (30) days of the commencement of the project, the Auditing Contractor will examine the programs that constitute New Century's curricula in ~~Reading~~ Communications and Mathematics. If the Auditing Contractor finds within the materials test questions from the standardized examination being used to evaluate New Century, it will identify these items in a written report to New Century. In like manner, New Century will present additional materials that it introduces for use in the project to the Auditing Contractor ~~within one week of the introduction to~~ at least 10 days prior to their utilization in the project and the Auditing Contractor will identify items that are unacceptable, for the reason that such are contained in the standardized test being used for evaluation of New Century, and report to New Century within ten days.

If, upon presentation of the instances of "teaching the test," New Century agrees with the Auditing Contractor, then the items in question will be deleted from the curriculum. If New Century disagrees with the Auditing Contractor, New Century will be permitted to present its case directly to DISD. Should DISD agree that the materials or items in question should not be used, New Century will immediately remove them from their materials. If New Century fails to do so promptly, DISD may consider New Century's inaction as a breach of this Agreement.

22. Extra Time for Teaching

It is anticipated that the continuous-progress design of the New Century ~~Reading~~ Communications and Mathematics programs will largely eliminate the need for after school make-up classes. If such classes are needed, New Century will conduct them in two of the five schools, two (2) hours each day immediately following the end of the normal school day.

23. Product and Personnel Liability and Insurance

New Century shall assume liability for its own em-

97

95

ployees and for any accident which may occur on premises under its control, and will be responsible for its proprietary equipment and property maintained on the premises involved.

24. Performance Bond

New Century agrees to purchase within five (5) days of the effective date of this contract, performance and payment bonds, (Art. 5160) in the maximum amount of the contract. The performance and payment bonds shall immediately be submitted to the Assistant Superintendent for Business and must be in a form which meets his approval.

25. Constitutional Rights of Students

98

Recent decisions in a variety of jurisdictions, including the Supreme Court, have established student constitutional rights as against school districts, their agents, and administrative and instructional personnel. New Century shall assume that the same constitutional prohibitions apply to it. All New Century actions in regard to participants in the ~~Reading~~ Communications and Mathematics programs, particularly in the event of expulsion from a program, must meet constitutional requirements, especially those of procedural and substantive due process.

26. DISD Approval of New Centur, Personnel

DISD shall reasonably determine that all New Century personnel of every category shall be personally and professionally acceptable for the assignment to be undertaken.

27. Non Discrimination

In connection with the performance of this contract, New Century agrees not to discriminate against any person on the grounds of race, color, religion, sex, or national origin.

28. Contract Number Identification

New Century agrees to utilize the number of this contract on all correspondence, communications, reports, vouchers and other such data concerning the contract or delivered hereunder.

96

29. Inspection of On-Going Work

DISD, through any authorized representative, shall have the right, at all reasonable times, to inspect or otherwise evaluate the work performed or being performed under this contract and the premises in which it is being performed. If any inspection or evaluation is made by DISD, New Century will provide all reasonable facilities and assistance for the convenience of DISD representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly interfere with or delay the conduct of on-going programs.

30. Acceptance of the Quality of Documentation

The composition, workmanship, printing or reproduction, and substantive content of all studies, reports, evaluations, charts, graphs, tables, and other data to be furnished under this contract shall strictly conform to the generally accepted quality standards of New Century and the publishing industry, and shall be suitable for DISD dissemination and use without substantial revision. Reports shall include a complete disclosure of all relevant information and data.

99

31. Other Conditions

DISD may undertake or award other contracts for additional or related work and New Century shall fully cooperate with such other contractors and DISD employees. New Century shall not maliciously commit or permit any act which will interfere with the performance of work by any other contractor or by DISD employees.

The foregoing paragraph shall also be included in the contracts of all contractors with whom New Century will be required to cooperate.

32. Costs and Records

New Century agrees to maintain books, records, documents and other evidence pertaining to the costs and expenses of this contract (hereinafter collectively called the "records") to the extent and in such detail as will properly reflect costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which reimbursement is claimed under the provisions of this con-

tract. New Century's accounting procedures and practices shall be subject to the approval of the Project Director, provided, however, that no material change will be required to be made in New Century's accounting procedures and practices if they conform to generally accepted accounting practices and if the costs properly applicable to this contract are readily ascertainable therefrom.

New Century agrees to make available at the office of the Project Director at all reasonable times during the period set forth in the following paragraph, any of the records for inspection, audit or reproduction by any authorized representative of DISD.

New Century shall preserve and make available its records for a period of three (3) years from the date of final payment under this contract.

100

33. Notice and Assistance Regarding Patent and Copyright Infringement

New Century agrees to hold DISD harmless of all lost costs and expenses because of any infringement of copyright on instructional materials, equipment and supplies used by New Century in the performance of this contract.

34. Subcontracts

New Century shall give advance notification to the Project Director of any proposed subcontract hereunder which provides cost-reimbursement for time and materials, or labor-hour, or is a fixed-price and exceeds in dollar amount either $5,000 or five (5%) percent of the total estimated cost of this contract. In the case of a proposed subcontract which would involve an estimated amount in excess of $50,000, or is one of a number of subcontracts under this contract with a single subcontractor for the same or related supplies or services which, in the aggregate are expected to exceed $50,000, the advance notification shall include:

a. a description of the supplies or services to be called for by the subcontract;

b. identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the degree of competition obtained;

c. the proposed subcontract price, together with New Century's cost or price analysis thereof;

d. the subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data.

35. Covenant Against Contingent Fees

New Century warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding of commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by New Century for the purpose of securing business. For breach or violation of this warranty, DISD shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

101

36. Grievances and Disputes

Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Project Director who shall reduce his decision to writing and furnish a copy thereof to New Century. The decision of the Project Director shall be final and conclusive unless, within thirty (30) days from the receipt of such copy, New Century furnishes to the Project Director a written appeal addressed to the DISD General Superintendent. The decision of the Superintendent or his duly authorized representative for the determination of such appeal shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, New Century shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, New Century shall proceed diligently with the performance of the contract in accordance with the requirements of the Project Director.

37. Excusable Delays and Faults

Except with respect to defaults of its subcontractors, New Century shall not be in default by reason of any failure in performance of this contract in accordance with its terms if such failure arises out of causes beyond the control and without the fault or negligence of New Century. Such causes may include, but are not restricted to: acts of God or of the public enemy; acts of the Government in either its sovereign or contractual capacity; fires; floods; epidemics; riots; quarantine restrictions; strikes; freight embargoes; and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of New Century. If the failure to perform is caused by the failure of New Century's subcontractor to perform or make progress, and if such failure arises out of causes beyond the control of both New Century and its subcontractor, and without the fault or negligence of either of them, New Century and its subcontractor shall not be deemed to be in default, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources.

102

38. Payment Provisions

The performance incentive measurement method for establishing the unit price to be paid by DISD for each student in the ~~Reading~~ Communications and Mathematics programs shall be based on the results of pre- and post-test gains as measured by the standardized tests and interim performance tests established for each program. The average fixed maximum unit price based on gains in achievement level and interim performance test results shall not exceed an average of ~~$213.75~~ $204.95 per each student in the ~~Reading~~ Communications program and each student in the Mathematics program. The total maximum incentive price for this contract for six hundred twenty-five (625) students in each of the ~~Reading~~ Communications and Mathematics programs shall not exceed ~~$267,187.50~~ $256,189.50. For details of payment, see Appendix A.

39. Student Dropout Unit Price

If any student drops out or otherwise leaves either the ~~Reading~~ Communications or Mathematics programs through no fault of New Century and for cause as defined in Paragraph 19 above, the unit price for each such

100

student shall be computed on the basis of the percentage of instructional hours the dropout was in attendance out of the total number of hours (180) of the program. The unit price to be paid for the dropout shall be that percentage of the price payable for the average pre- to post-test gains for all students enrolled in the appropriate program or programs, and average interim performance test achievement.

Whenever possible, all student dropouts shall be administered post-tests by the Auditing Contractor. If a dropout has been in the program for more than half an instructional year, and has been post-tested, the results of the post-test shall form the basis for computing the payment due New Century in place of the formula presented in the paragraph above. The unit price for each such dropout shall be determined by extrapolating his actual gain to the total gain he would have achieved if he remained in the program to its completion, and also by extrapolating his achievement on interim performance tests taken. The unit price paid to New Century will be the proportional part of the price payable for the projected gain and interim test performance determined from the number of hours the student was in the program. New Century shall not be paid any cost or fee for any student who drops out of the program for any reason not stipulated in Paragraph 19, above.

103

40. Replacement Students

The unit price for students who are placed in the program as replacements for dropouts shall be calculated on the same basis as those described for dropouts in the paragraph above.

41. Students Missing Interim Tests

If a student is unable to take any regularly scheduled test or make-up test that is a basis for New Century reimbursement, and if said student has been in attendance in the ~~Reading~~ Communications or Mathematics program no less than eighty-five (85%) percent of the time for the instructional period being evaluated, it shall be assumed that said student's score is the same as the average test or gain score, whichever is appropriate, for all students in that program. New Century will cooperate with the Auditing Contractor in scheduling make-up tests to be administered by the Auditing Contractor.

42. Provisional Cash Payments and Adjustments

Notwithstanding any other provisions of this contract, New Century shall receive interim provisional cash payments equivalent to eighty (80%) percent of the estimated total maximum contract price of ~~$267,187.50~~ $256,189.50. Provisional payments shall be separated into five (5) installment payments payable within ten (10) days following the administration of each interim test. Each payment will be the product of ~~$34.20~~ $32.80 times the total number of students taking the interim tests in mathematics and reading.

Within forty-five (45) days after the final post-test results are established and reported to New Century by the Auditing Contractor, New Century shall submit an adjusted final voucher stipulating the final unit price for each student in the ~~Reading~~ Communications and Mathematics programs with detailed supporting information. The voucher shall state the total amounts which may be refundable to DISD or additionally payable to New Century in each program.

104

43. Community Support by DISD for New Century

New Century will maintain sufficient contact with the community to ensure adequate advance notice of any adverse public sentiment concerning the ~~Reading~~ Communications and Mathematics programs. Where any such sentiment is indicated, New Century will notify the Project Director.

44. Other Provisions

The terms of this contract may not be modified except by mutual written agreement between DISD and New Century. This agreement shall be interpreted according to the laws of the State of Texas applicable to contracts to be performed entirely within the State of Texas. The title and subheadings appearing in this Agreement are not a part thereof and neither the subheadings nor the sequence of the paragraphs may be used in interpreting it.

Contract Number 70-2
8/13/70

DALLAS INDEPENDENT SCHOOL DISTRICT

By _____

Attest _____
Ass't. Supt. - Business

Date: _____

NEW CENTURY, EDUCATIONAL
DIVISION MEREDITH CORPORATION

By _____
Vice President,
Educational Division

Date: _____

Strikeovers and corrections on pages [of the original document] 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 22, 23, 24, and 25. The amounts in Appendex A, Footnotes Nos. 1 and 2 have been altered to conform with Paragraph Nos. 38 and 42.

_____ _____
Dr. Nolan Estes Dr. Lawrence Mace

105

APPENDIX A

Contract Number 70-2
8/13/70

METHOD OF DETERMINING TOTAL PAYMENTS TO NEW CENTURY FOR EACH STUDENT IN EACH SUBJECT ON BASIS OF COST [1] PLUS FEE [2], [3]

Standardized Achievement Test Gains in Years	Average Percent of Items Answered Correctly on Five Interim Performance Tests [4]			
	0 - 24%	25 - 40%	50 - 74%	75 - 100%
	% *Cost* % *Fee*	% *Cost* % *Fee*	% *Cost* % *Fee*	% *Cost* % *Fee*
0 - .9	0 + 0	25 + 0	25 + 25	25 + 50
1.0 - 1.4	75 + 50	100 + 25	100 + 50	100 + 75
1.5 - 1.9	75 + 50	100 + 50	100 + 75	100 + 100
2.0 - 2.4	75 + 75	100 + 75	100 + 100	100 + 125
2.5 - 2.9	75 + 100	100 + 100	100 + 125	100 +150

3.0 - 3.4	75 + 150	100 + 150	100 + 175	100 + 200
3.5 - 3.9	75 + 200	100 + 200	100 + 225	100 + 250
4.0 - 4.4	75 + 250	100 + 250	100 + 275	100 + 300
4.5 - 4.9	75 + 300	100 + 300	100 + 325	100 + 350
5.0 - 5.4	75 + 400	100 + 400	100 + 425	100 + 450

(1) *Costs Defined:* Average documented costs per student may not exceed 70% of $204.95. The total amount available for costs for all students in Reading and Mathematics shall not exceed 70% of $256,189.50.

(2) *Fees Defined:* The amount of average fee available for each student is determined by subtracting the average documented costs for each student from $204.95. The total amount available for fees is determined by subtracting the total documented costs for all students enrolled in Reading and Mathematics programs from $256,189.50.

(3) *Fees for Individual Students:* The fee available for any single student enrolled in either Reading or Mathematics may not exceed 550% of the average fee for all students.

(4) If a student answers 85 items correctly in a test with 110 items for a percent correct of 78, and 65 items on a second test with 90 items for a percent correct of 72, the average percent correct for the two tests is 75. This is an example of calculating an average percent for two Interim Performance Tests.

Appendix E.
Contract

CONTRACT
between
EDUCATIONAL TESTING SERVICE
and
THE DALLAS INDEPENDENT SCHOOL DISTRICT
to audit the
PROJECT "GUARANTEED STUDENT PERFORMANCE
IN EDUCATION AND TRAINING"

In consideration of the mutual obligations undertaken, it is agreed by EDUCATIONAL TESTING SERVICE, hereafter called Auditing Contractor, and the DALLAS INDEPENDENT SCHOOL DISTRICT, hereinafter referred to as DISD, as follows:

Section I: General Provisions

108

1. Auditing Contractor agrees to perform each and all of such services in a good and workmanlike manner as contained in the Auditing Contractor's proposal to DISD dated June 10, 1970, in the manner outlined and at the time stated, time being of the essence, except as otherwise provided herein.
2. The Auditing Contractor's proposal shall not constrain the DISD in determining the School District's role in research and evaluation.
3. Auditing Contractor agrees to provide all professional services. DISD will provide secretarial support, office space, furniture, supplies, and materials needed in carrying out the scope of work for auditing the project.
4. The Auditing Contractor agrees to submit written reports of progress along with appropriate audit result documents by 3:00 p.m. on each of the following dates: September 30, December 31, March 31, and June 30. These reports shall include an itemized statement of costs expended to that date based upon the breakdown of tasks outlined below, as well as a summary of the Auditing Contractor's resources utilized during the specific period of auditing. These reports shall utilize the format specified by the Project Director. The total of all costs for the completed project shall not exceed the sum of $27,584.00, as authorized by the Board of Education. This includes a fixed fee of 8.0% of total cost.

1

106

Section II: Scope of Work

The Auditing Contractor is expected to perform the scope of work, including delivery of the products called for, in the following specifications, procedures, and schedule.

The functions of the Auditing Contractor are in the general area of the performance of such actions as required or allowed by the performance contract that will permit certification of whether or not the Instructional Contractor has met his obligation for payment. The specific activities comprising the Scope of Work of the Auditing Contractor are as follows:

1. The first step necessary will be to develop an audit plan appropriate for the Guaranteed Performance Contract as finally negotiated. This audit plan will be submitted to DISD no later than September 1, 1970, with the understanding that the pre-tests will be selected prior to the beginning of the program.

2. The Auditing Contractor will recommend to DISD conditions and procedures for the administration of all tests. This includes standardized achievement tests, tests of interim objectives, and the Classroom Deportment Scale. Recommendations will be submitted in writing to DISD no later than 3:00 p.m., August 18, 1970.

3. The Auditing Contractor will provide what it considers adequate training for the persons selected by the DISD to administer the above tests. DISD will make the group available in reasonable time for training. Training is to be completed by 4:00 p.m., August 21, 1970.

4. The Auditing Contractor will recommend to DISD the pre- and post-tests to be used in determining payment to the Instructional Contractors—including any necessary rules and procedures for assigning particular levels to individual students. Auditing Contractor will then provide a list of the test levels to be administered to individual students for experimental and control groups. This list will be provided DISD no later than 5:00 p.m., August 24, 1970.

5. If Instructional Contractor requests retesting of any individual or groups, Auditing Contractor will review circumstances and make recommendations to DISD. These recommendations must be made within two school days of the request.

6. The Auditing Contractor will review interim test items submitted by the Instructional Contractor for their adequacy and appropriateness in measuring the stated objectives at the prescribed level of difficulty, and recommend to DISD what additional items, if any, are required. This task shall be completed no later than five work days after receiving the interim test items.

7. When an acceptable pool of interim test items is available, Auditing Contractor will, after using what it considers appropriate sampling techniques, designate those items to be included in each interim test. The Auditing Contractor will be responsible for compiling these items and constructing the interim tests. These interim tests must be available to DISD at least five days prior to the dates specified for the interim tests.

110

8. The Auditing Contractor will with its own staff members spot check administrations of pre-, post-, and interim tests to determine to its satisfaction that the required conditions are being allowed. DISD will furnish Audit Manager, at least one week in advance, a schedule of each test administration.

9. All tests will be scored by the Auditing Contractor and results reported to DISD within fifteen days of test date.

10. Auditing Contractor will examine appropriate records and documents used in reporting performance results for payment. It will make what checks it deems necessary to certify to DISD that the results are in Auditing Contractor's opinion a correct basis for payment, and will report to DISD at each period when payment is required whether or not it does so certify such results.

11. Auditing Contractor will by October 1, 1970, review curricular and instructional materials to be used by Instructional Contractor and will periodically observe actual instructional sessions to determine to its satisfaction that test items to be used as a basis for payment are not being included in instruction and that there is no "teaching to the test." Evidence of such will be immediately reported to DISD.

12. The Auditing Contractor will design and implement a procedure for verifying the attainment of occupational skill objectives. This will require that the

Auditing Contractor observe demonstrations of the skills required for each occupational level for at least a 5% stratified random sample of students on at least three interim occasions, two of which must be coterminous within a week of the first and second six week testing periods of DISD, and the third to occur not later than March 15, 1971, and for an at least 20% stratified random sample of students during the last two weeks of the school year. Stratification is to be on the basis of the three occupational groups specified in the Request for Proposal. ETS will be responsible for the training and monitoring of DISD staff knowledgeable and competent in three occupational areas. The behavioral definition of the 4 levels of occupational attainment must still be agreed on. The above procedure will be used primarily to validate reports furnished DISD by the Instructional Contractor. Auditing Contractor will also be responsible for the spot checking of records and reports prepared by the Instructional Contractor, and submission of reports (indicating the Auditing Contractor's opinion) to DISD at such times as payments are to be made.

111

13. The Auditing Contractor will verify the attainment of motivational objectives. This includes formulating procedures to select an adequate control group for the administration of the Classroom Deportment Scale, scoring the Classroom Deportment Scale and comparing it with the control group mean for purposes of determining payment, and validating attendance figures. Classroom Deportment Scales must be administered during the last three weeks of school and the aforementioned information provided to DISD no later than 3:00 p.m., May 26, 1970.

14. DISD shall make available to Auditing Contractor and shall require Instructional Contractors to make available all such records as required for Auditing Contractor to carry out his obligations under this contract.

15. In addition to periodic reports specified above, Auditing Contractor will submit a final report to DISD summarizing its activities during the period of the contract and making whatever recommendations or drawing whatever conclusion it feels will be useful to DISD as a result of its auditing experience. This report to be submitted no later than 3:00 p.m., June 15, 1970.

16. Auditing Contractor will make available a professional staff member on site on four-hour notice during work hours at least 90% of the time.

17. The Auditing Contractor agrees to perform all of its services as Auditing Contractor on a highly ethical standard of integrity realizing a moral obligation to fairly do the assessments in keeping with the trust and confidence reposed in it by DISD.

18. Auditing Contractor agrees, notwithstanding specifications of the items of work and services to be rendered by Auditing Contractor in the foregoing paragraphs that it is the controlling intent of this contract that the Auditing Contractor will furnish and perform all the services of the Auditing Contractor as provided for, contemplated, or referred to in the contract between DISD and Thiokol Chemical Corporation and DISD and Meredith Corporation.

112

19. All obligations of DISD undertaken hereunder are wholly subject to Federal funds being made available to DISD and committed for the purposes of this Contract, and the actual receipt of such funds by DISD. This Contract shall neither encumber nor be funded from DISD revenues derived from local taxation nor from the State Foundation Program funds as they are not allocated and committed. In the event the funding from federal sources is not received by DISD as anticipated during the contract performance period, this Contract shall be terminated immediately upon written notice by DISD to Educational Testing Service and DISD shall have no further liability for costs accrued or fees earned by Educational Testing Service after the giving of such notice. Likewise all obligations undertaken are subject to the continuation of prime contracts between DISD and New Century, Division of Meredith Corporation and DISD and Thiokol Chemical Corporation, contract numbers 70-2 and 70-1 respectively, duly authorized and executed on August 13, 1970.

110

In Witness Whereof, Auditing Contractor and DISD have executed this Contract by their duly authorized officers or representatives this

_____ day of _____, 1970.

ATTEST:

Dallas Independent School District

BY _____
H. D. Pearson

BY: _____
Nolan Estes

Title: Assistant Superintendent - Business Services

Title: General Superintendent

ATTEST:

Contractor:

Educational Testing Service

BY: _____

BY: _____

Title: _____

Title: _____

113

Appendix F.
Contract

CONTRACT
between
THE COUNCIL OF THE GREAT CITY SCHOOLS
and
THE DALLAS INDEPENDENT SCHOOL DISTRICT

TO PROVIDE
MANAGEMENT SUPPORT SERVICES
FOR THE PROJECT:
"GUARANTEED STUDENT PERFORMANCE
IN EDUCATION AND TRAINING"

Contract Number 70-3

Contract Number 70-3
8/13/70

CONTRACT FOR THE PROJECT:
"GUARANTEED STUDENT PERFORMANCE
IN EDUCATION AND TRAINING"

This Contract entered into as of this date, August 13, 1970, shall govern certain cooperative program activities jointly supported and jointly managed by the Dallas Independent School District, hereinafter sometimes referred to as the District, and the Council of the Great City Schools, sometimes referred to as the Council.

The objectives of this cooperative program described herein are to:

(1) jointly develop, design, and implement a management information system which will enable the District to systematically follow the development of its "Guaranteed Student Performance in Education and Training" project;

(2) design said system to control costs incurred, to determine a basis for interim payments to contractors, and to establish the cost effectiveness of implementing the guaranteed contracts;

(3) validate and/or modify design criteria and to predetermine unanticipated costs or debilitating factors with respect to Turnkey operations;

(4) determine the feasibility of continuing such management support activities.

Related to the above objectives, the District and the Council agree as follows:

ARTICLE I: Period of Performance

The period of performance of this contract shall be from August 13, 1970 through August 31, 1971.

It is the expectation of the District and the Council that these cooperative activities will extend over a period of years and that the continuation of the Contract is subject to the availability of funds for the work of the activities and subject to agreement by the District and by the Council that the prior performance of both parties to the Contract has been satisfactorily fulfilled.

ARTICLE II: District Commitment

During the period of performance, the District agrees to provide:

(1) supplementary secretarial support,
(2) use of computer facilities as needed to make the system operational,
(3) adequate office space.

ARTICLE III: Council Commitment

During the period of performance, the Council agrees to:

(1) provide support to the Project Director and his staff in the general administration of the project;
(2) design and implement the management information system which will;
   a. report student progress, by treatment, by school, by contractor;
   b. report actual costs, as well as assigned costs, of other resources (for cost effectiveness analysis) in order to determine the optimal configuration and feasibility of Turnkey operations.
(3) upon request, to assist the Project Director in the conduct of press conferences, briefings, and other forms of communication.
(4) assist the Project Director in evaluating and then implementing new and proven cost effective techniques and strategies for the management of this project.
(5) upon request, assist the Project Director in planning for the first and second years of the project, including:
   a. preparation for Turnkey and/or project expansion;
   b. development of an education resources management system;
   c. development of an objects network; and
   d. preparation of estimated second year budget.
(6) upon request, assist in soliciting funds or developing proposals for operating and/or expanding the project.
(7) upon request, to assist in preparation of summary and interim reports, school board agenda items, executive team reports, report to advisory groups

116

and to participating schools, and recommendations to project decision makers.

ARTICLE IV: Management of Program Activities

The management procedures for the cooperative program shall be in accordance with existing policies and procedures of both the District and the Council.

Every effort shall be made to insure that the objectives of each of the cooperating institutions are achieved in a systematic way.

ARTICLE V: Reports

The Council will report to the following people for the following general purposes:

(1) To the Project Director for determining basis of interim payments to the instructional contractors.

(2) To the Project Director for validating and/or modifying decision criteria.

(3) To the Project Director for renegotiating or terminating the instructional contracts and/or modifying the instructional program according to pre-determined contingency plans indicated in the instructional contractor's proposal.

(4) To the Project Director for validating voucher requests from the contractors and reporting verified statements to the Dallas Independent School District budgeting, accounting, and auditing office for contractor payment.

(5) The instructional contractor/s to be used as feedback for internal evaluation and instructional systems redesign and modification as necessary.

(6) The Project Director for input into the evaluation design.

ARTICLE VI: Termination

All obligations of DISD undertaken hereunder are wholly subject to Federal funds being made available to DISD and committed for the purposes of this Contract, and the actual receipt of such funds by DISD. This Contract shall neither encumber nor be funded from DISD revenues derived from local taxation nor from the State Foundation

117

Program funds as they are now allocated and committed. In the event the funding from Federal sources is not received by DISD as anticipated during the contract performance period, this Contract shall be terminated immediately upon written notice by DISD to The Council of the Great City Schools and DISD shall have no further liability for costs accrued or fees earned by The Council of the Great City Schools after the giving of such notice. Likewise all obligations undertaken are subject to the continuation of the prime contracts between DISD and New Century, Division of Meredith Corporation, and DISD and Thiokol Chemical Corporation, contract numbers 70-2 and 70-1 respectively, duly authorized and executed on August 13, 1970.

118

The schedule for the above reports will be built around the interim and final data collection dates specified in the instructional contracts with New Century, Educational Division, Meredith Corporation and Thiokol Chemical Corporation.

The Council will receive $59,810.00 for the described services as outlined in the attached budget.

In witness herewith, the Dallas Independent School District and the Council of the Great City Schools have executed this Contract as of the date first above written.

Dallas Independent School District:

_____

General Superintendent of Schools

The Council of the Great City Schools:

_____

Executive Vice President

Contract Number 70-3
8/13/70

MANAGEMENT SUPPORT SERVICES BUDGET

STAFF	
Professional Director 1/2 time at $22,000.00	$11,000.00
Operations Research Specialist Full-time at $20,000.00	20,000.00
Project Coordinator Full-time at $12,000.00	12,000.00
Benefits at 15% of salaries	6,450.00
Secretary 1/2 time at $5,720.00	2,860.00
TRAVEL AND PER DIEM	
Director 5 trips at $125.00+20 x $25.00	1,250.00
Operations Research Specialist 4 trips at $125.00+10 x $25.00	750.00
MANAGEMENT AND SUPERVISION	4,500.00
COMMUNICATIONS AND SUPPLIES	1,000.00
TOTAL	$59,810.00

119

6

117

ANNOTATED BIBLIOGRAPHY

1. TEXARKANA

The first performance contract, in Texarkana in 1969-70, set the pattern for most subsequent performance contracts. Charles Blaschke and Leon Lessinger, who were instrumental in establishing the Texarkana project, have become central figures in the performance contract and accountability movements. Anyone thinking about implementing a performance contract should review the Texarkana experience:

The contract document itself, and several related documents, may be found in any of the following:

Leon Lessinger. *Every Kid a Winner—Accountability in Education.* New York: Simon and Schuster, 1970.

Polly Carpenter, A. W. Chalfant, and George R. Hall. *Case Studies in Educational Performance Contracting, #3.* Santa Monica, Calif.: Rand Corporation, 1971.

Education Turnkey Systems. *Performance Contracting in Education: The Guaranteed Student Performance Approach to Public School Reform.* Champaign, Ill.: Research Press, 1970.

The Rand Corporation study (above) is the best retrospective study of the Texarkana project, but it lacks the immediacy of three contemporary reports:

Stanley Elam. "The Age of Accountability Dawns in Texarkana." *Phi Delta Kappan,* June 1970. pp. 509-14.

Richard Bumstead. "Texarkana: The First Accounting." *Educate,* March 1970. pp. 24-37.

——. "Performance Contracting." *Educate,* October 1970. pp. 15-27.

Elam's perception of the Texarkana project is cautiously optimistic, while Bumstead probed deftly into some of the project's weaknesses and difficulties.

The official version of the project was recorded in—

D. C. Andrew and L. H. Roberts. *Final Evaluation on the Texarkana Dropout Prevention Program.* Magnolia, Ark.: Region VIII Education Service Center, July 20, 1970. (ERIC # ED 044 466)

II. BLASCHKE AND LESSINGER

Leon Lessinger and Charles Blaschke have devoted more attention to the procedures and implications of performance contracting than have any other writers.

After he designed the Texarkana project, Blaschke in 1969

formed Education Turnkey Systems, Inc., a management support group that not only produced a book (see above) but also an invaluable newsletter:

Education Turnkey News. Washington, D.C.: Education Turnkey Systems, April 1970-March 1971. Since October 1971 a monthly column entitled "Performance Contracting" has appeared in *Nation's Schools.*

In these publications one finds not only a contemporary history of performance contracting but also Blaschke's evolving thoughts about the methods and the ramifications of performance contracting. In lieu of the newsletters, one might seek one of these three summations of his experience:

Charles Blaschke. "From Gold Stars to Green Stamps." *Nation's Schools,* September 1971. pp. 51-55.

———. "Performance Contracts." *Planned Change in Education.* (Edited by David S. Bushnell and Donald Rappapert.) New York: Harcourt, Brace, Jovanovich, 1971. pp. 127-41.

———. *Performance Contracting: Who Profits Most?* Bloomington, Ind.: Phi Delta, Kappa, 1972.

In his writings, former Associate Commissioner of Education Leon Lessinger has emphasized the accountability implications of performance contracting. His book, *Every Kid a Winner* (above), stressed Texarkana and performance contracting. Two of his later books de-emphasize Texarkana and performance contracting:

Leon Lessinger and Ralph W. Tyler. *Accountability in Education.* Worthington, Ohio: Charles A. Jones, 1971.

Leon Lessinger, Dale Parnell, and Roger Kaufman. *Accountability: Policies and Procedures.* New London, Conn.: Croft Educational Services, 1971. 4 vols.

Lessinger has published more than a dozen articles. Here are three that are recommended for their comprehensiveness:

Leon Lessinger. "After Texarkana, What?" *Nation's Schools,* December 1969. pp. 37-40.

———. "The Powerful Notion of Accountability in Education." *Journal of Secondary Education,* December 1970. pp. 339-47.

———. "Engineering Accountability for Results in Public Education." *Phi Delta Kappan,* December 1970. pp. 217-25. (Reprinted in *Accountability in Education* above.)

Lessinger was special issue editor of the January 1971 *Educational Technology,* which featured several theoretical and practical discussions of the how and why of performance contracts.

III. BANNEKER

During 1970-71, the nation's most publicized and controversial performance contract was negotiated for the Banneker Elementary School in Gary, Indiana, where a private corporation contracted to operate an entire public school for four years. Most all of the conflicts that might erupt during a performance contract have occurred at Banneker. The history of Banneker will be instructive for anyone wishing to consider entering a performance contract:

The contract document itself, several related documents, and the most comprehensive history of the first year at Banneker are found in—

George R. Hall and M. L. Rapp. *Case Studies in Educational Performance Contracting, # 4*. Santa Monica, Calif.: Rand Corporation, 1971.

Historical perspective on the project can be found in—

James A. Mecklenburger and John A. Wilson. "The Performance Contract in Gary." *Phi Delta Kappan*, March 1971. pp. 406-10.

Betty Miles. "Banneker at the Half-Way Mark." *Scholastic Teacher*, March 1972. pp. 16-19.

Positive, skeptical, and negative descriptions of the project are found, respectively, in—

Jack Star. "We'll Educate Your Kids—Or Your Money Back." *Look*, June 15, 1971.

Bel Kaufman. "Will This Boy's Curriculum Manager Deserve an Apple This Year?" *Today's Health*, September 1971. pp. 20-23.

The American Teacher. "The Banneker School Boondoggle" and "Performance Contracting Revisited." *The American Teacher*, January 1972. pp. 15-16.

A film, *Readin', Ritin', 'Rithmetic, Inc.*, produced for NET's *Black Journal* early in the winter of 1972, is available from several film libraries. It emphasizes the conflict surrounding the project.

IV. GRAND RAPIDS

From the perspective of the school system's administration, the most successful performance contract site in the early experimentation was probably Grand Rapids, Michigan, where three companies held contracts during 1970-71. There was little conflict or controversy, results proved satisfactory, and the three companies renewed and expanded their contracts in 1971-72.

Contract documents and a comprehensive history of 1970-71 are to be found in—

G. C. Sumner. *Case Studies in Educational Performance*

Contracting, #6. Santa Monica, Calif.: Rand Corporation, 1971.

The flavor and implications of the Grand Rapids contracts are to be found in—

James A. Mecklenburger and John A. Wilson. "The Performance Contracts in Grand Rapids." *Phi Delta Kappan,* June 1971. pp. 590-93.

Bernard Asbell. "Should Private Enterprise Direct Your Child's Education?" *Redbook,* February 1972. pp. 56-63.

A film, *Performance Contracting—The Grand Rapids Experience,* produced by the Indiana University Audio-Visual Center in 1972, depicts the three companies' instructional programs and examines the significance of performance contracting for the Grand Rapids School District. It is available from the Indiana University Film Library.

V. THE OEO EXPERIMENT

During 1970-71, the Office of Economic Opportunity sponsored a nationwide experiment involving 6 private corporations, 18 school districts, and more than 20,000 students. Negative results were announced in January 1972. Available information on this experiment is somewhat skewed by OEO's reluctance to allow publicity. The little that was published usually bore OEO's seal of approval. The official reports are available from the Office of Economic Opportunity, Washington, D.C. In addition there are the following:

123

Some OEO-approved descriptions—

Jeffry Schiller. "Performance Contracting: Some Questions and Answers." *American Education,* May 1971. pp. 3-5.

John O. Wilson. "Performance Contracting: An Experiment in Accountability." *The Instructor,* June-July 1971. pp. 21-22.

Betty Murphy. "Peformance Contracting: Where Teaching and Technology Meet." *O.E.O. Opportunity,* July-August 1971. pp. 2-9.

Some less rosy descriptions—

Suzanne S. Taylor. "Performance Contracting—One Experience." *Connecticut Teacher,* November-December 1971. pp. 4-7.

Kathy Donahue. "Performance Contracting in the Bronx Results in Multiple Disasters for School." *United Teacher,* October 4, 1970. p. 28.

James A. Mecklenburger and Donald M. Goldenbaum. "How OEO Failed Performance Contracting." *Nation's Schools,* April 1972. pp. 31-32.

Washington Education. "Performance Contracting Comes

to Seattle." *Washington Education,* November 1970. pp. 21-22.

A *New York Times* editorial entitled "Premature Discard" severely criticized the experiment on March 2, 1972. A lengthy rebuttal from Thomas Glennan of OEO appeared in the *Times* letters to the editor on April 4, 1972.

VI. OTHER CONTRACTS

In addition to OEO's experiment, Texarkana, Gary, and Grand Rapids, more than two dozen performance contracts have been implemented elsewhere, among them—

Virginia—an experiment sponsored by the state of Virginia involving seven counties. The documents and a history of the Norfolk contract are found in—

Polly Carpenter. *Case Studies in Educational Performance Contracting, #2.* Santa Monica, Calif.: Rand Corporation, 1971.

The project produced poor test results. Three articles relate the history of the seven-county experiment and the several interpretations given the test scores:

Carolyn Rice. "Will Performance Contracts *Really* Produce?" *Virginia Journal of Education,* January 1971. pp. 6-10.

_____. "Evaluating Virginia's Performance Contract Program." *Virginia Journal of Education,* September 1971. pp. 13-15.

Frank E. Barham and others. " 'Lost' Children Find Their Way in Performance Contracting." *Virginia Journal of Education,* March 1972. pp. 8-11.

Cherry Creek, Colorado—several contracts, including one with a team of teachers to salvage potential high school dropouts:

James A. Mecklenburger and John A. Wilson. "Performance Contracting in *Cherry Creek*?!" *Phi Delta Kappan,* September 1971. pp. 51-53.

Gilroy, California—a small and little-known performance contract chronicled in—

M. L. Rapp. *Case Studies in Educational Performance Contracting, #5.* Santa Monica, Calif.: Rand Corporation, 1971.

VII. TESTING

Beginning with the Texarkana project, the use of testing in performance contracts has undergone continual criticism.

Anyone who wishes to contract in a defensible manner should heed several or all of the following:

Robert E. Stake. "Testing in Performance Contracting." *Phi Delta Kappan,* June 1971. pp. 583-89.

Stephen P. Klein. "The Uses and Limitations of Standardized Tests in Meeting the Demands for Accountability." *Evaluation Comment,* January 1971. pp. 1-7.

Ralph W. Tyler. "Testing for Accountability." *Nation's Schools,* December 1970. pp. 37-39.

Roger Farr, J. Jaap Tuinman, and R. Elgit Blanton. "How To Make a Pile in Performance Contracting." *Phi Delta Kappan,* February 1972. pp. 367-69.

VIII. GENERAL STUDIES OF PERFORMANCE CONTRACTING

Bernard Asbell. "Schools Hire Out the Job of Teaching." *Think,* September-October 1970. pp. 5-9. A perceptive assessment of the implications of this idea.

Ed Willingham. "Performance Contracting in Schools Tests Administration's 'Accountability' Idea." *National Journal,* October 24, 1970. pp. 2324-32. An excellent survey of events, including quotations from all important participants, which concentrates on the political context of performance contracting.

Harold V. Webb. "Performance Contracting: Is It the New Tool for the New Boardsmanship?" *American School Board Journal,* November 1970. pp. 27-36. An explanation of the significance and popularity of this idea for school board members.

IDEA Reporter. "Performance Contracting: The Issue." *IDEA Reporter,* Winter 1971. pp. 1-12 [entire issue]. Concise, highly readable survey of events. Very sympathetic account.

Girard D. Hottleman. "Performance Contracting Is a Hoax!" *The Massachusetts Teacher,* April 1971. pp. 4-10. Insightful (if incredible) article—the most hostile survey of the subject in print.

James A. Mecklenburger and John A. Wilson. "Learning C.O.D.: Can the Schools Buy Success?" *Saturday Review,* September 18, 1971. pp. 62-65, 76-79. Findings and conclusions of two observers' year-long study of performance contracting, emphasizing both the flaws and the opportunities in this new practice.

Kenneth Gehret. "Performance Contracting: How Does It Score?" *The Christian Science Monitor,* January 3, 1972. p. 9. Another long-time student of the phenomenon adds his own insights to the Rand study of performance contracting.

Efrem Sigel. *Accountability and the Controversial Role of the Performance Contractor: A Critical Look at the Performance Contracting Phenomenon.* White Plains, N.Y.: Knowledge Industry Publications, 1971. This book was the most comprehensive study available until Rand's studies. It remains the most perceptive treatment of the politics beneath the surface of the phenomenon.

Conference on Educational Accountability. *Proceedings.* Princeton, N.J.: Educational Testing Service, March and June, 1971. This book and the one above, equally divided in discussions of accountability and performance contracting, remain the most literate short anthologies available, bringing spokesmen from many perspectives to explain the significance of these new emphases in education.

John W. Adams and Karen H. Hitchak. *A Guide to Performance Contracting.* Madison: Interstate Project for State Planning and Program Consolidation, Wisconsin Department of Public Instruction, September 1971. The most thorough yet concise explanation of the negotiation and implementation of performance contracts.

Polly Carpenter and George R. Hall. *Case Studies in Educational Performance Contracting, #1—Conclusions and Implications.* Santa Monica, Calif.: Rand Corporation, 1971. The distillation of Rand's year-long study of contracts in Gary, Grand Rapids, Norfolk, Texarkana, and Gilroy, California, this book speaks to school administrators about the advantages and the disadvantages of performance contracting. It is particularly subtle and effective in its explanation of the testing and measurement problems in performance contracting. There are, in all, six volumes in this series.

G. R. Hall, Polly Carpenter, S. A. Haggart, M. L. Rapp, and G. C. Sumner. *A Guide to Educational Performance Contracting.* Santa Monica, Calif.: Rand Corporation, 1972. Prepared under an HEW contract, this is the third element in Rand's study of performance contracting. It is intended as a guide to school board members, administrators, and other decision makers and constitutes an excellent companion piece for this AASA guidebook. A Technical Appendix to the volume contains a more detailed consideration of problems of measuring student achievement and of program and resource analysis. The last section (Appendix C) contains eight illustrative contracts between LEAs and contractors, reprinted from the six Rand volumes noted above.

James A. Mecklenburger. *Performance Contracting in American Education, 1969-1971.* Doctoral dissertation. Bloomington: Indiana University, 1972. (Also published by Charles Jones Publishing Company in Worthington, Ohio.) This study stresses the Jekyll and Hyde quality of performance contracts from Texarkana through Gary and the OEO experiment, and places the entire performance contracting phenomenon in historical and political perspective.

James A. Mecklenburger. *Performance Contracting in Schools: Profit Motive Tested as Incentive to Learning.* Washington, D.C.. National School Public Relations Association, 1972. A comprehensive, readable, and analytic look at the phenomenon, including a very useful concluding chapter for administrators, "How To Enter a Performance Contract."

James A. Mecklenburger, John A. Wilson, and Richard W. Hostrop. *Learning C.O.D.: Can the Schools Buy Success? A Book of Readings on Performance Contracting.* Hamden, Conn.: Linnet Books, 1972. The most comprehensive anthology of materials available, from Texarkana to Gary to OEO to Grand Rapids to Dallas to Virginia, the testing issue, and the controversy that has surrounded performance contracting.